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NEWS SUMMARY

GENERAL

Rhodesian troops in Lusaka attack

...opter-borne Rhodesian ...s and jets carried out their ...d raid on Lusaka in ten ..., demolishing the home of ...bwe African People's ... officials (ZAPU).

... raid was only a mile ... the Commonwealth Con... venue. An agricultural ... 12 miles from the capital ... also attacked.

... least 22 ZAPU members ... killed and as many ...d. One Rhodesian ...ando died. East German ... Soviet Rhodesia strategy, ...2; Kaunda-Muzorewa move Page 6; Doubts on Queen's ...ty, Page 6; U.S. issues Page 7

...ana oil ban

...la is expected to impose ...anctions on Ghana for ...ting six leading figures in ...al Acheampong's military ...e, including General Fred ...o who replaced him in a ... last July. Back Page

...ce of 'Ripper'

... "Yorkshire Ripper," ...t to be responsible for ... 11 women, boasted in a recording sent to police: ...an't see myself being ... I just yet." The voice had ...ng Sunderland accent.

...ist jailed

...d Sherlock, aged 59, a ...ny director, was jailed for ...t Leicester for a series of ...and other sexual offences ...irls aged between three ...10 over a period of five ...

...vratilova wins

...ding Wimbledon champion ...a Navratilova struggled ...ctory, watched by her ...r who came from Czecho...ia on a two-week visa. Barrett, Page 13

...ad found

...dle found with a human ... at the bottom of a ...ide petrol storage tank ...ned a severed head. Police ...igating the murder are ...ng on missing persons ...hout the UK.

...0 arrested

... 1,500 people were ...ed at the Katatura black ...hip in Windhoek, Namibia ...at police described as a ... prevention operation.

...t report today

...mmary of the report on ...outhall riots by Sir David ...e, Metropolitan Police ...issioner, will be published ... New Zealand teacher ... Peach was killed in the ... in April.

...es move

...s journalists sent a tele... to Lord Thomson on the ...f the Thomson Organisa... annual general meeting ...g him to republish the ...nded titles at the earliest ...tunity or sell them to a ...ble bidder. They also ...i for a court of inquiry ... set up by the Secretary ...mployment.

...le realises £4m

...ly £4m was made in the first ...n of an auction of French ...ture at Monte Carlo, includ... record £822,511 paid for ...uis XV ormolu-mounted ...uetry corner cabinet. ...oom, Page 10

...efly . . .

...edian Eric Morecambe, re...ring from a heart opera... should leave hospital in ... or three weeks, his wife, ..., said.

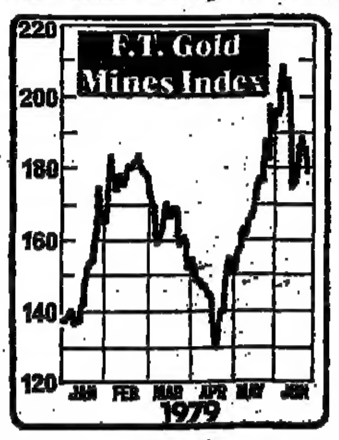
...anian troops are to be ... drawn from Uganda in ...t three weeks, according ...fficials in Tanzania.

...ono was delivered to the ...sh Embassy in Tokyo as a ... for Mrs. Thatcher. Its sash ... described as "tory blue."

BUSINESS

Equities up 1.8; Dollar rallies

● EQUITIES were dull, with fund managers still staying out of the market. The FT ordinary index closed 1.8 up at 475.2.



Gold shares fell in line with the dip in the bullion price and the Gold Mines index fell 6.6 to 178.4.

● GILTS staged a small technical rally and the Government Securities index closed 0.23 up at 70.58.

● STERLING fell 70 points to $2.1520 and its trade-weighted index remained unchanged at 68.9. The dollar gained ground against other major currencies and its index rose to 85.0 (84.7).

● GOLD fell $1¼ to $281¾ in London.

● WALL STREET was 6.3 down at 837.32 just before the close.

● U.S. TREASURY bill rates were: threes 8.893 ... (8.920) and sixes ... (8.873).

● BUNDESBANK president, Dr. Otmar Emminger, has defended the bank's monetary stability policy against foreign criticism, and has hinted that the discount rate will be raised. Page 2

● CHINA'S Government has published outlines of a proposed law to govern joint capital ventures with foreign companies. Page 6

● VAUXHALL Motors, the UK subsidiary of General Motors, will have as its new president and managing director Mr. Ferdinand Beickler, formerly of GM's West German offshoot, Opel. Back Page

● PERKINS, the diesel engine subsidiary of Massey-Ferguson, is switching half its U.S. production to its UK plant at Peterborough following a decision to suspend manufacturing at Canton, Ohio.

LABOUR

● ELECTRICAL and Plumbing Trades Union executive has ordered an inquiry into the election of a Left-winger, Mr. Wyn Bevan, to the executive council. Back Page

● CONFEDERATION of Shipbuilding and Engineering Unions has voted for a national overtime ban and one-day strikes by more than 2m manual workers unless increases on minimum wages rates and other benefits are agreed by employers. Back Page

● NUR LEADER, Mr. Sid Weighell, has said his union will refuse to take part in discussions on economic and social policy with the Conservative Government. Page 13

COMPANIES

● BAT Industries reports an 8 per cent increase to £114m in attributable balance for the six months to March 31. Page 26 and Lex

● FIRST NATIONAL Finance Corporation, the banking and finance group, reports pretax profits for the six months to April 30 of £3 m against £17.86m in the previous full year. Page 26 and Lex

● TRIDENT TELEVISION reports pretax profits for the six months to March 31 held at £4.8m on turnover of £36.44m (£35.96m). Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...ding 5½pc 1982-84	£83¾	+ ¼
...hequer 12½pc 1999 (£15 pd.)	£14¾	+ ⅛
... Inds.	275	+ 7
...ton A	242	+ 6
...opean Ferries	142	+ 7
...	118	+ 5
... Service	90	+ 3
...co	45	+ 3
...ehill Hldgs.	155	+ 10
...ident TV A N-V	60	+ 2½
...	1285	+ 21
...ntation Hldgs.	109	+ 5
Central Pacific Minerals	800	+ 30

FALLS

Bond St. Fabrics	35	− 5
Brown and Jackson	260	− 15
Cartiers	123	− 7
Furness, Withy	290	− 12
MK Electric	236	− 5
Morgan Edwards	91	− 7
UBM	67	− 5¼
LASMO	256	− 8
Buffels	751	− 37
East Drie.	725	− 44
Rustenburg Plat.	132	− 7

Nuclear power station go-ahead expected today

BY JOHN LLOYD

The Government is likely to announce today the *long-awaited financial approval for a new 1300 megawatt advanced gas-cooled reactor* (AGR) nuclear power station, to cost about £650m.

The announcement, expected to be made by Mr. David Howell, the Energy Secretary, in the Commons this afternoon, will come as a relief to the Central Electricity Generating Board, which had feared that the Government might delay approval to assist in its programme of public spending cuts.

The station will be built at Heysham, in Lancashire, and will be the "B" station to Heysham A, now nearing completion.

Contracts

Orders for the twin turbines and boilers for Heysham B, together with the twin turbines and boilers for the AGR station at Torness, south of Edinburgh, will be placed soon. The South of Scotland Electricity Board received approval for the £750m Torness station last May.

The two boards, particularly the CEGB, are eager to place contracts for standardised, replicated turbines and boilers. The CEGB has complained that the AGR stations, built so far, have all been prototype stations, and have, therefore, involved the Board in extra costs.

But, it is still not clear whether one manufacturer will now receive all the turbine and boiler work.

Contracts have already been signed between the supply industry and the Nuclear Power Company for the design phase of the boilers for both stations. The company has subcontracted this work to Northern Engineering Industries, which makes it favourite to receive a construction contract, with a substantial proportion of the work likely to be further sub-contracted to boilermakers Babcock and Wilcox.

The choice of turbines was the subject of a long study by the Central Policy Review Staffs, now complete. It is believed to have recommended that the choice be left to the responsible Boards.

The CEGB and the SSEB must, therefore, choose between two types of turbine—known as four-flow and six-flow—and two manufacturers. Northern Engineering Industries, and the General Electric Company (GEC), both of which make the two types.

Delay in the announcement of financial approval—the construction of Heysham B was approved in principle early last year—is said to have been due to the deliberations of the Central Policy Review Staffs, rather than on any moves to hold up the nuclear programme because of possible public fears after the accident at the Harrisburg nuclear station in the U.S.

But the Torness station, where site preparation has begun, has already attracted substantial demonstrations, and it must be expected that the Heysham decision will meet with similar protests.

Safety

While some countries — notably the U.S.—have slowed their nuclear programmes, others such as France and the Soviet Union have stepped up the pace.

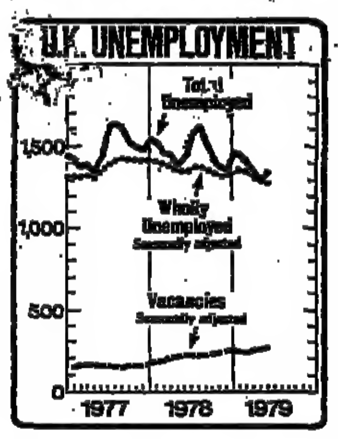
The Prime Minister said in the Commons yesterday that she had emphasised, during discussions at the European Council meeting in Strasbourg last week, the part alternative sources of energy such as nuclear power should play.

Questioned on safety measures by Mr. James Callaghan, the leader of the opposition, Mrs. Thatcher said: "We have an excellent nuclear inspectorate in Britain and our designs have a very high regard to the safety of nuclear equipment."

Mrs. Thatcher backs nuclear expansion. Page 12

Jobless total falls again

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



ADULT UNEMPLOYMENT continued to fall sharply in the last month, while notified vacancies rose to the highest level since November 1974. This reflects the upturn in economic activity and the consumer boom since early spring.

Department of Employment figures published yesterday show that in the month to mid-June the number of adults out of work in the UK fell by 26,800 to 1.28m, equivalent to 5.3 per cent of the labour force.

The unemployment total has fallen by nearly 83,000 since mid-February and by 155,300 since the September 1977 peak of 1.43m.

Another sign of the strength of the labour market is the steady rise in notified vacancies, which are about one-third of the total jobs available. The number increased by 5,100 to 262,400 in the month to mid-June, for a rise of 31,500 in four months.

There is also evidence of an increasing flow of jobs onto the vacancies register and of people off the unemployment register.

This supports the frequent reports of staff shortages, notably in London and the Southeast. The trend is also consistent with the recent buoyant level of consumer spending and a recovery in economic activity

The labour market balance may start to change later in the year because of public spending cuts and the recruitment freeze in large parts of central Government. The expected slowdown in private sector output growth may also have an impact by early next year, after the usual time lags.

The timing and size of any increase in unemployment are impossible to predict, partly because the traditional relationship between output and jobs has broken down in the last four years. But Mr. James Prior, Employment Secretary, warned last week that unemployment could rise by a "couple of hundred thousand" over the next year or so.

The unadjusted UK unemployment total rose by 45,600 to 1.34m in the month to mid-June. This was entirely because of an increase of 104,500 to 143,800 in the number of school leavers on the register. The total is slightly less than at the same stage last year.

Unemployment map Page 11
Feature Page 24

Du Pont sues ICI over patents

BY SUE CAMERON, CHEMICALS CORRESPONDENT

E. I. DU PONT DE NEMOURS, the biggest U.S.-based chemicals group, has issued a writ against Imperial Chemical Industries, Britain's largest chemicals company, alleging infringement of UK patents covering polyester yarn production processes.

ICI said yesterday that it would be contesting the action. It "did not consider the patents to be valid."

Neither company would give details of the case—Du Pont said the time for it to detail the alleged infringement and for ICI to serve its defence had not yet arrived.

But it is believed that Du Pont may be using the action against ICI as a test case. The American group said it had patent applications—similar to the UK patents which it alleges ICI has infringed—pending "in many major industrial countries."

Du Pont, it is thought, may hope to conclude licensing agreements for its polyester yarn processes in a number of countries. A successful defence of its UK patents would further this aim, especially as UK patents and patent law are highly regarded in the international business community.

Du Pont filed the UK patents involved—1 406 809 and 1 406 810—in 1971 and 1972 "after years of intensive research and development work in the field of textured yarns, feed yarns and processes for their preparation."

ICI's defence, it is thought, may be a claim that there is nothing particularly new or exclusive about the Du Pont processes and that the patents should not therefore have been granted in the first place.

The two companies are believed to have held discussions on the question of the two patents and may have decided on legal action only as a last resort. Both of them are understood to see the case in terms of technicalities rather than as the first stage of a commercial war over polyester yarn production.

Textured polyester yarn represents a major proportion of all textured yarn production. Total textured yarn production is comparable to the total world production of wool which was 2.537bn kilograms in the year ending June, 1979.

This is not the first legal fight over patents between ICI and Du Pont. A few years ago the two groups were involved in a similar action over plastics patents but the case was eventually settled out of court.

CONTENTS

Unemployment: why Britain is facing a painful increase 24
U.S. and Latin America: the end of the banana republics 25
U.S.: the windfall profits tax 7
Management: planning corporate strategy in an age of uncertainty ... 21
Lombard: Anthony Harris looks at opera ticket prices 22
Editorial comment: currency market instability: Middle East 24
Furness Withy: whose influence? ... 31
Surveys: Milton Keynes 15-20
Lead and zinc 34-35

American News	7	Intl. Companies	32-33	Stock Markets:		PROSPECTUS	
Appointments	40	Leader Page	24	London	40	Fairline Boats	36-37
Arts	23	Letters	25	Wall Street	38		
Base Rates	38	Lex	44	Bourses	38	ANNUAL STATEMENTS	
Commodities	39	Lombard	22	Technical	14	Allied Irish Banks	26
Companies — UK	26-28	Management	21	Tennis	13	Blockleys Ltd.	27
Contracts	10	Men and Matters	24	Today's Events	25	Burnett Hallamshire	28
Crossword	22	Mining	26	TV and Radio	22	Chamber of Mines	10
Entertain. Guide	22	Money & Exchange.	30	UK News:		LCP Holdings	28
Euromarkets	32	Overseas News	4-6	General	9-11	Pauls and Whites	28
European News	2-3	Parliament	12	Labour	13	Property Holding	27
European Options	38	Racing	22	Unit Trusts	41	Tootal Ltd.	27
FT Actuaries	40	Saleroom	10	Weather	44	UBM Group	27
Gardening	22	Share Information	42-43	World Trade News	8	Whitbread and Co.	29

For latest Share Index phone 01-246 8026

OPEC begins Geneva talks

By Richard Johns in Geneva

THE Organisation of Petroleum Exporting Countries began its Ministerial conference here today with member States having little idea how prices might be unified in a rational structure.

At Tuesday morning's session the key issue was not discussed as Ministers dealt with routine administrative matters and delegates said they were unlikely to get to grips with it until today.

Saudi Arabia is understood to be adamant still that the basic reference price set by its Arabian Light market crude should not rise from the present level of $14.55 to more than $18.

Following a three-month period in which producers have been able to slap on surcharges of up to $5.31 a barrel over and above traditionally accepted differentials, other members feel that the price of marker crude should be at least $20 per barrel.

Uncertainty

The militant Iranian delegation is said to have been talking in terms of $23—but this may be an opening bid of a kind that invariably precedes OPEC horse trading.

Most members favour returning to a unified price structure and ending the chaos that has profited them but is acknowledged to have been unsatisfactory.

Asked about the eventual outcome of the conference, one Venezuelan delegate summed up the general uncertainty with the comment: "Your guess is as good as mine."

There has been talk of setting as an interim measure a minimum floor price—in effect the Saudi one—of $17.50 to $18 and a maximum of $21, allowing producers to obtain whatever they can in addition for premium crudes during the third quarter of 1979.

Sheikh Ali Khalifa al-Sabah, the Kuwaiti Oil Minister, has said here he thinks the best solution would be a $20 official OPEC price. But a split price

Continued on Back Page
Other energy news, Page 5

£ in New York

—	June 25	Previous
Spot	$2.1585-1595	$2.1375-1395
1 month	0.58-0.53 dis	0.62-0.57 dis
3 months	1.74-1.69 dis	1.66-1.56 dis
12 months	4.95-4.85 dis	4.75-4.60 dis

Fuel costs push up U.S. retail prices

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE TWIN spectres of continued high inflation and an energy-induced economic recession in the U.S. were given more substance yesterday.

First, the U.S. Government announced that the consumer price index rose by a further 1.1 per cent in May, largely because of soaring fuel costs. So far this year retail prices have gone up at an annual rate of 13.5 per cent, and such relief as was offered by more stable food prices has been swamped by the mounting cost of energy.

Second, it was reported that the Commerce Department's preliminary calculation of available economic statistics for the second quarter pointed to a fall of more than 2 per cent in real terms at an annual rate in the gross national product in the period.

The Department's findings, in a confidential document circulated to Cabinet officers a copy of which was obtained by the New York Times, highlight considerable weakness in consumer spending, housing and capital goods orders, all stemming from the diversion of resources into meeting the energy bill.

In the first three months GNP rose at an annual rate of 0.8 per cent; classically a recession is defined as two consecutive quarters of negative growth. Thus if the Department's preliminary findings are borne out by later data, the long-awaited recession may already have begun.

Officials stressed that the largest proportion of the decline was accounted for by the precipitate fall in car and lorry production and sales, itself a reflection of the energy crisis.

Either an improvement or deterioration in the energy picture could therefore either worsen or improve these tentative projections. But officials confirmed the accuracy of the New York Times report.

On inflation, transport costs in May rose by 1.8 per cent compared with April, and petrol alone went up by 5 per cent.

So far this year petrol prices have risen at an annual rate of 55 per cent.

The housing index rose by 1.2 per cent, mortgage costs nearly twice as much, and utility costs, particularly fuel oil, by far more.

These combined more than offset a much more modest 0.7 per cent advance in the food component of the index, the smallest increase in this sector since November.

Even here there were disturbing signs: as the wholesale price index has shown, raw food costs have been stable or declining in the past two months, but processors, distributors and other middlemen have charged more, thus widening the spread between farm and retail prices.

One question immediately posed by the apparent sudden downturn in the economy is what, if anything, the Carter Government will do to modify its economic policies. To date it has adamantly maintained that it will not entertain a tax cut while inflation is still raging, and will have no recourse to mandatory wage and price controls.

Congress is starting to stir sluggishly on both counts. The Senate and House Chairmen of the Joint Economic Committee have called this week for a stimulative $20bn tax cut next year, with half going to business to spur investment.

Chrysler Ryton workers vote to strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER UK workers at the Ryton assembly plant, Coventry, voted overwhelmingly yesterday to strike from Friday, although the management had warned that the action would almost certainly, mark the start of a rundown in the size of our company"

The 2,000 workers are protesting against the company's offer of a 13 per cent pay rise due to take effect next week.

In a letter to manual workers, the management pointed out that the company had lost £130m in the past five years and the deficit forecast for the current year was about £30m. The company was not in a position to make a settlement it could not afford.

"A strike at this time will

Continued on Back Page
Peugeot plans disturb Chrysler unions, Page 13
Engineers plan overtime ban, Back Page

EUROPEAN NEWS

Emminger hints at discount rate rise

BY JONATHAN CARR IN MUNICH

DR. OTMAR EMMINGER, President of the Bundesbank, strongly defended his institution's monetary stability policy yesterday against foreign criticism, and dropped a broad hint that the discount rate will be raised soon.

His comments in Munich follow suggestions by some weaker-currency countries within the European Monetary System (EMS) that the tough course followed by the West German Central Bank has made their positions more difficult.

Speaking to the annual meeting of the IFO Economic Institute, Dr. Emminger stressed that effective stability policies by all member countries remained a key condition for the proper functioning of the EMS.

So far, experience in this respect had not been very positive, but this might change, Dr. Emminger said. West Germany would have to fight still harder to maintain its own—at present largely isolated—stability role and to convince others to follow suit.

Apparently heralding further action in this direction, Dr. Emminger said the current discount rate of 4 per cent was not appropriate to market conditions. It could be asked whether this should not be corrected before long, he said.

It is understood that the Bundesbank has come close to raising discount rate recently, and did not do so because it felt the action, though demanded by German internal policy, would increase problems for partners abroad.

Hence the central bank's irritation at foreign criticism now—raised most recently in an EEC Finance Council meeting. The Bundesbank appears set on raising discount rate in any case—and may take other measures in a further effort to contain rising domestic inflation.

Dr. Otto Schlecht, State Secretary at the Economics Ministry, who was taking part in the IFO discussions with Dr. Emminger, praised the general course of Bundesbank policy. But he publicly chided both the Bundesbank president and Herr Karl Otto Poehl, the vice president, for their somewhat dramatic style of presentation.

He noted, for example, that Dr. Emminger had not long ago used the expression "alarm-level one" over the state of German monetary policy. Such words were likely to make businessmen and others feel less secure, Dr. Schlecht said.

Dr. Emminger replied he had used the words because although the Bundesbank had late last year announced a target rate for growth of money supply in 1979, the commercial banks had taken no notice of this for months. He finally felt it was time to bang the table and comments made to him since then made him feel he had been right to do so.

Dr. Otmar Emminger, president of the Bundesbank

May trade deficit is Denmark's biggest ever

By Hilary Barnes in Copenhagen

DENMARK'S TRADE deficit in May was the biggest ever for a single month, at Kr 2.3bn (£200m), taking the deficit for the first five months to Kr 8.1bn, compared with Kr 6.5bn for the same period last year.

Last week, the Government announced tough measures designed to prevent a rapid deterioration of the current balance of payments.

The measures, which are to receive approval by the Folketing this week, include increases of over 20 per cent in energy prices and cuts in Government and local government spending plans.

The preliminary trade figures for May did not specify the contribution of oil to the growing deficit, but imports in May were 25 per cent higher than in May last year, at Kr 8.29bn. For the first five months, imports rose by 16 per cent, to Kr 37.7bn.

Exports in May rose by 9.3 per cent, to Kr 5.9bn, and for the first five months by 13.9 per cent, to Kr 29.6bn.

Last week's Government measures are not expected to produce an improvement in the current balance-of-payments deficit, which was Kr 7.7bn last year and Kr. 3.8bn in the first quarter of this year, but they will prevent the deficit from getting worse. The Government now expects deficits of around Kr 9bn in both 1979 and 1980.

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Measures to ease Italy's exchange controls urged

BY RUPERT CORNWELL IN ROME

A SIGNIFICANT package of measures to relax Italy's stringent foreign exchange controls, which were introduced amid the successive lira crises of 1976, has been proposed by the country's currency exchange office (UIC). The office is closely, though not formally, linked with the Bank of Italy.

The recommended steps include an increase in tourist currency allowances from the present L750,000 (£425) to L1m or L1.5m (£850) per trip, and a rise in the maximum permitted export and import of Italian banknotes to L300,000 from the present L100,000.

The office is technically autonomous, but in practice works closely with the central bank. Its suggestions thus have considerable weight—all the more so, since they were broadly endorsed by Sig. Paolo Baffi, governor of the Bank of Italy, in his annual report last month.

An easing of exchange controls would not only be the logical follow-up to the recent sharp improvement in Italy's external position.

They also could prove a useful check on currency inflows, which have been behind the recent, and somewhat improbable, argument over the merits of a revaluation of the lira.

The other proposals include:

1—An extensions of the maximum permitted period for repatriation of export proceeds and settlement of imports to 180 days from 120. This would bring Italy closer into line with international practice.

2—An extension of the permitted life of special foreign exchange accounts, from the present 15 days to 60 days.

3—The right once again for Italian-based banks to extend lira-denominated credit lines to foreign correspondents, and relaxation of the complicated procedures relating to foreign currency financing of import payments.

4—Measures to straighten out the position of Italian banks which have acquired holdings in foreign banks or set up their own foreign "holding" concerns, with a book value of an estimated L100bn (£58m).

Many of these deals are at present recorded as unspecified debit items on their balance sheets. Instead, the banks would be permitted to acquire the foreign currency required to bring the transactions into line.

German population falling

BY ROGER BOYES IN BONN

THE population of West Germany is likely to fall dramatically over the next 50 years, with far-reaching consequences for the German economy, a long-term forecast issued by the Cologne-based Institute for German Economy said yesterday.

The German population is likely to fall to 55.9m in the year 2000 from a total of 61.4m in 1976, the Institute estimates. Unless a rapid upswing occurred in the birth rate, matters would get steadily worse after 2000, with the poplation dropping to 42m in the year 2030, and 23.3m in 2070.

Even these figures, the institute said, were based on a status quo model. In fact, a small but steady drop was taking place in the birth rate, so that these forecasts were probably optimistic.

The declining population would hit the economy in two ways, by reducing consumer demand and putting strain on the employment market. But in the short-term—over the next 20 years—the problems could be kept under control.

The bulk of consumer demand would be maintained by the large band of middle-aged—who are now in their 20s. Moreover, a 3-4 per cent increase in productivity should be sufficient to ease the impact of labour shortages and imbalances.

Recent Government studies have shown that the authorities can actually profit in the short-term from the declining birth rate. One has demonstrated that, with a static birth rate, it should be possible to save DM 6.5bn (£1.6bn) in 1984 because of fewer child allowances.

French revise accounting

BY TERRY DODSWORTH IN PARIS

STEPS TO revise French accounting practice with the aim of bringing it more into line with European practice were put in motion by the Economics Ministry yesterday.

It is expected that the reorganisation, which will involve the adaptation of French legislation on company accounts, will take until 1982 to complete.

According to EEC directives, accounting law must be harmonised by August next year. After that, a further 18 months can be accorded to companies to make the necessary changes.

The French are taking the opportunity to develop a system which they believe will be more informative.

Frequent criticisms have been made of present practice, on the grounds that it gives companies too much leeway to obscure what is happening in the organisation.

The changes will centre on two main issues, a system of giving indications of general management standards, and a new guideline to the basic figures which must be presented in the accounts.

The Ministry claims that these moves will make accounting standards clearer, and also more adaptable to the needs of companies of different character and size.

Under the heading of management indicators, annual accounts will be expected to show gross operating results, and the capacity for self-financing.

The presentation of more traditional figures will be organised under two main headings.

Spain's inflation ahead of target

BY ROBERT GRAHAM IN MADRID

SR. FERNANDO ABRIL MARTORELL, Spain's economic overlord, yesterday conceded that inflation was running above the Government's target and, as a result, existing wage agreements would have to be adjusted.

Sr. Abril's comments coincided with the official announcement of the May consumer price figures, which recorded an increase of 1.2 per cent. For the first five months, the accumulated rate of inflation is 6.4 per cent. This compares with a government target of 6.5 per cent for the first six months.

Sr. Abril, who is deputy Prime Minister with overall responsibility for the economy, said yesterday that the January-June inflation figures would be above the 6.5 per cent target, although he did not say by how much. On a yearly basis, inflation is running at just under 14.5 per cent, which compares with a government target of reducing inflation during the year from 17 per cent to 10-12 per cent.

The Government's wages policy was formulated in a controversial decree at the end of December, when the Government gave up the idea of a negotiated agreement between trade unions and employers. Wages were allowed to increase to a maximum of 11-13 per cent. But it was stated that should the half-year inflation rate rise above 6.5 per cent, wage agreements would be adjusted accordingly.

Sr. Abril discounted the prospect of a generalised renegotiation of existing wage agreements. He gave no details of the mechanism he envisaged, but it appears that the Government is considering a simple adjustment which would permit the already agreed increases to keep pace with the higher rate of inflation. This may not be so simple to apply, however, since at least 10 per cent of the major wage agreements contained awards higher than the Government norm. Therefore it could cause considerable antagonism if the inflation adjustment were applied to the 12 per cent average envisaged in the original decree.

Last year, the Government refused to raise energy prices, especially the heavily subsidised fuel oil, in order to hold inflation down. This year, Spain has continued to import oil and oil products at above the European average.

The breach of the inflation target is part of a more general slippage in Government economic objectives for 1979. The planned 4 per cent growth in GDP is now unlikely, and could stick at 2.7 per cent. This would result in unemployment increasing by over 250,000, instead of levelling off. Thus, if the unions so choose, they can take the Government to task using wage restraint as a bargaining counter. This could also be extended to the whole area of labour legislation now being formulated.

E. Germans, Soviets co-ordinating Rhodesia strategy

BY LESLIE COLITT IN BERLIN

THE EAST GERMAN and Soviet Defence Ministers are meeting to co-ordinate increased military aid to the Patriotic Front guerrillas fighting in Zimbabwe Rhodesia. The Soviet Union is to step up shipments of artillery and ground-to-air missiles, with East Germany providing training.

Gen. Heinz Hoffmann, East Germany's Defence Minister, and Marshal Dmitri Ustinov, the Soviet Defence Minister, are holding talks in Moscow on their joint military efforts in southern Africa.

The East German Defence Minister is in the Soviet Union, after his recent visit at the head of an East German military delegation to the front-line states of Zambia, Tanzania, Angola and Mozambique which are aligned against Zimbabwe Rhodesia. Last week Mr. Joshua Nkomo, co-president of the Patriotic Front, spent six days in East Germany discussing details of the new East German military aid programme.

In a toast to Marshal Ustinov, Gen. Hoffmann said East Germany has learned from the "Soviet Union and its army how to practise solidarity and to give effective aid to the peoples taking part in the anti-imperialist struggle."

East Germany is estimated to have more than 700 soldiers and officers in Angola and Mozambique, whose armies they are training to use Soviet tanks and howitzers. At least as many East German civilian advisers are reported to be helping set up the state security and police forces.

East European reports say East German army training officers are to be sent to Tanzania and Zambia to instruct the Patriotic Front forces in the use of 122 mm and 152 mm howitzers and Soviet ground-to-air missiles.

Yesterday's East German Communist Party newspaper, Neues Deutschland, carries a series of dispatches designed to show that the U.S. is setting up an "intervention force" for possible use in southern Africa. The newspaper also quotes a Zambian publication which alleges that the West is "secretly testing new weapons in Rhodesia, including chemical warfare agents."

Dutch consider tougher action on tax evaders

ʙY CHARLES BATCHELOR IN AMSTERDAM

Ǝ DUTCH GOVERNMENT is ɪidering taking tougher ·sures against the growing ɪber of people—possibly as ɪy as two in three—who ·d paying their taxes. Pro- ɪls now being considered by Finance Ministry include publication of the names of evaders in the Official ɜtte and allowing tax inspec- to enter private homes.

r. A. Nooteboom, the State ·etary at the Finance Minis- is still considering the ɪmmendations made in a con- ɪtial 400-page report. The ings, which follow three ·s of investigations by a ɪer Director-General of ·s, Mr. W. J. Van Bijster- , are unlikely ever to be ·ished in full because of the they could give to potential evaders.

ɪe report showed that tax ectors discovered evasions ɪcome tax alone amounting ·l 900m (£223m) in 1975, pared with total income tax ipts of Fl 6.1bn. Smaller unts of value added tax : also not declared. No all figure for all forms of evasion is given but the rt concludes that two out ɪree people in a position to ɪ paying tax actually do so. hile the proposals to pub- the names of evaders and ɪ tax inspectors to enter ·le's homes might involve a ge in the law, the Finance stry is believed to be in ɪr of a general tightening ɪntrols.

e extent of the "black ey" economy has been ɪling the Dutch authorities ɪome years and the central bank has also undertaken studies of the problem, including the monitoring of the rate at which large denomination notes change hands.

Dutch rates of tax are among the highest in Europe: the top rate of income tax is 72 per cent, while corporation tax is 48 per cent on profits above Fl 50,000. A recent survey by Lloyds Bank put the Netherlands third from the top—with 46.7 per cent—of a table of the share of gross national product absorbed by taxes and social security payments in Europe. The figure for the UK was 36.6 per cent.

Details released of the still-secret Dutch report showed that the penalties now imposed are not high enough to discourage evaders even if they are caught. Unless drastic steps are taken, the situation is expected to get worse.

Most methods of avoiding tax are simple, but the tax authorities do not have the staff to combat them. The steady rise of taxes over the years has led to a fundamental worsening of attitudes towards paying tax, the report said. Even if taxes could be reduced, it is doubtful whether this would lead to any improvement.

While recommending that offenders should face severe penalties, the report says that people who do pay their taxes promptly and in full should receive better treatment from the tax inspector. An informal approach works better than an official letter, and minor alterations to correctly filled-in tax returns should be avoided.

Basques protest at killing

ɔNDRAGON —Paramilitary guards battled with about people demonstrating in northern Spanish town yesterday at the killing Basque nationalist in south- ɛrn France on Monday

ards used tear gas and ɛr bullets to disperse the demonstrators after they marched on the Civil Guard barracks.

Sn. Enrique Gomez Alvarez, 30, who was machine-gunned outside a cafe patronised by Basque nationalists in Bayonne, left the Spanish Basque country in 1974.

Reuter

Relief all round as Irish post strike ends

By Stewart Dalby in Dublin

THE END of Ireland's 18-week post and telephone strike has been greeted by huge sighs of relief from industry, from the banks, from the Government, certainly from the public at large and not least—although they are coy about admitting it—the postmen themselves.

Although it is not possible to calculate the full impact of one of the longest-ever public sector strikes in the Republic, it is clear that in both direct costs and bad international publicity, the stoppage has been extremely expensive.

The disruption is not over yet. The Department of Posts and Telegraphs has estimated that it will take only a "couple of days" to clear post already in the system. There are, however, mountains of mail waiting at centres other than Dublin. There are apparently container loads of mail sitting at the Liverpool docks, the main transhipment port from Britain. It will be "several weeks" before the backlog is cleared, according to the Department of Posts.

Added to this, it is believed that about 50,000 of Dublin's quarter of a million telephones have broken down or faulted during the strike. The Greater Dublin area has half Ireland's telephones. There has been no repair service, and it is anybody's guess how long it will be before the engineers get around to fixing them, even though they, like other post office employees, should be back at work this week.

The post office estimates that, in terms of lost revenue, the strike has cost £1m a week, or in total the better part of £20m. To give an idea of what this means, the department's revenue in 1978 was something over £200m. The bulk of lost revenue was postal, rather than telephone, income. Some of the losses will therefore be recouped when the post starts flowing again, although there is no knowing how much mail was simply not posted because of the strike.

Against the losses, the department did save some £15m in unpaid wages. The strike fund ran out long ago, and most postmen have been living on social security for many weeks. Welfare benefits ultimately ran at a much lower level than wages. But even so, for the department (and that means the Government), what was lost on the roundabouts was almost certainly not made up on the swings, particularly when one adds the cost of the 15 per cent pay settlement for postmen and telephonists.

One of the worst-hit sectors, however, has unquestionably been the important tourism industry. Last year, a record number of over 2m tourists visited Ireland, and revenue was more than £300m which is equivalent to around 10 per cent of visible exports.

The industry has been extremely unlucky in that the postal troubles were componded by a petrol shortage just as the holiday season should have started. The voucher scheme was introduced for those on motoring holidays at the beginning of June, but by then much of the damage seemed to have been done.

The main problem has been that telephones in many main tourist areas in the west and south-west are not STD, and are manually operated. This has resulted in many holiday centres being virtually cut off from the outside world. Potential holidaymakers have been unable either to write or telephone. One leading hotelier estimated that the £150m the hotels made last year will be slashed by at least £50m this year. Restaurants have also been badly hit.

The season is not yet in full swing. The tourist Board has announced an immediate campaign to advise potential tourists that the strike is over and that petrol will not be a problem. The Board is an efficient organisation and good at publicity, so some losses may be made up as the two main holiday months approach. It seems unlikely, however, that revenue will exceed last year's total.

Elsewhere in the economy, the Government itself has been suffering from the drop in tax revenues, particularly in income tax and VAT. One estimate is that revenues for the first quarter were down by £150m. Taxation, both indirect and direct, was of the order of £2bn last year.

Many businesses have been suffering from the effects of unpaid bills. To cover this, many businesses have had to borrow from the banks at steep interest rates to meet the backlog. ESB, Ireland's electricity board, has estimated that it is owed £20m in back bills.

The settlement would seem to be within the 15 per cent guidelines that the Government laid down in its "national understanding," which was for 15 months. When the Government failed to gain acceptance for this "understanding," it laid down an interim 7 per cent guideline for six months. The Post Office Workers' Union made it clear that it regards the settlement as an interim one, subject to further negotiation.

Rising oil prices have hit France hard. **Robert Mauthner reports.**

Giscard wants joint action

IT IS NOT for nothing that the French have been so active recently in promoting international measures to deal with the energy crisis, which will be at the heart of the Tokyo summit discussions this week. Dependent on imports for nearly 75 per cent of its energy needs, France is particularly vulnerable to the rapid escalation in oil prices, which have already begun to undermine Prime Minister Raymond Barre's 3-year-old economic recovery plan.

At the end of last year, the outlook for the French economy was still relatively rosy. The current account was in the black to the tune of FFrs 17.8bn (about 2bn) for the first time since 1972, and the trade balance had swung into a surplus of FFrs 2.5bn after 2 years of deficits. There was a reasonable hope, given the continuation of tight monetary and credit policies and wage restrictions, that the rate of inflation could be brought down from 9.7 per cent in 1978 to something like 8.5 per cent in the current year.

Economic growth and industrial production prospects were better than they had been for a long time. Thanks to lively demand for consumer goods and a favourable outlook for exports, helped by the upswing in the West German economy, the industrial production index touched its highest level in January since before the 1974 recession. At the same time, the French franc was more than holding its own in the exchange markets, in spite of all the pessimistic predictions that it would be one of the first currencies to suffer as the result of the creation of the European Monetary System.

The wave of OPEC price increases since the beginning of the year, while not necessarily spelling disaster for the French economy in 1979, has produced a much more pessmistic business climate. The latest survey of business opinion conducted by the National Institute of Statistics (INSEE) indicates that order books are again emptying and that stocks of manufactured goods are considered to be too high. While production of both capital and semi-finished goods is still improving and consumer goods are holding up well, the trend is not expected to last much beyond the summer.

In the circumstances, it is hardly surprising that the authorities have scaled down their forecasts for 1979, and many independent observers even consider that the latest predictions are too optimistic. Thus, the French Government still believes that GNP will rise by about 3.4 per cent this year,while the OECD foresees that it will increase by no more than 3 per cent.

It has not taken long for the successive increases in oil prices to work their way through to the main economic indicators. The trade balance registered a substantial deficit of FFr 1.2bn in May, the first time that it has been in the red since the beginning of this year. And, while over the five-month period as a whole, it is showing a small surplus of some FFr 500m, it now looks very doubtful indeed whether the trade account will still be in the black at the end of 1979.

M. Barre's scheme of setting annual monetary targets for oil imports has been well and truly overtaken by events. The oil bill for 1979 is now expected to be in the region of FFr 70bn, whereas only a few months ago the Government thought that a FFr 58bn ceiling was still a realistic proposition.

The series of energy-saving measures announced by the Government last week, which include a reduction in domestic fuel deliveries, a lowering of maximum temperatures for heating of buildings and stricter speed limits for trucks, can do no more than moderate the rise in France's oil import bill. There is no question now of reducing it below FFr 70bn this year.

At the same time, the rate of inflation has jumped to a level which makes the French Government's aim of reducing the gap with West Germany

look still less attainable. The cost-of-living index rose by 1.1 per cent in May, pushing the annual rate of inflation, calculated on the basis of the last three months, up to 12.6 per cent. The sharp rise was due mainly to increases in the price of petrol and fuel oil and it may well be asked how the authorities can still hope to keep price rises to below 10 per cent for the whole of 1979.

M. Barre's recovery plan is therefore looking distinctly ragged at the edges, though many of the causes for this year's poor results are undoubtedly beyond his control. Having made substantial progress towards restoring the country's external accounts, the Prime Minister is again faced with a fragile balance of payments. And inflation, which his Government never succeeded in bringing under control, has become even more intractable.

To add to M. Barre's troubles, the politically sensitive problem of unemployment, which has reached the record level of 1.3m, is as far from solution as ever, in spite of the adoption by the Government of successive job-creation and youth employment plans.

The one really effective way to reduce unemployment would be to give an expansionary push to the economy and that, given the balance of payments and inflation constraints, is hardly a step which M. Barre could contemplate at the moment. A full-scale reflationary package is therefore out of the question, though a modest fillip might be given to the slack public works and housing sectors within the coming months in view of the expected slowdown in economic activity after the summer.

It is clear, however, that the real key to France's economic salvation lies in its handling of the energy problem. The long-term plans have already been laid. The French have one of the most ambitious nuclear programmes in the world. The target for 1985 is for France to have a total nuclear electricity capacity of 40,000 MW, satisfying 55 per cent of the country's consumption of electricity, compared with only 13 per cent last year, and representing one-fifth of its total energy requirements.

But it will be a very long time indeed before France is completely self-sufficient in energy. The Economic and Social Council recently issued a warning that the country's reliance on imported energy could still be of the order of 60 per cent in 1990 if steps are not taken rapidly to conserve energy. That is why President Giscard d'Estaing was so active in pressing France's European partners to adopt a joint position on energy before the Tokyo summit.

Though France did not win full acceptance for its proposals at last week's European Council in Strasbourg, President Giscard can be relied upon to return to the attack in Tokyo.

W. German steel orders fall in May

By Guy Hawtin in Frankfurt

THE WEST GERMAN steel industry saw its orders in May decline for the second month in a row, although average bookings are still well above the previous year's level.

Even so, the fall, which came about as a result of declining demand in the home market, must be worrying the industry. Sales are still markedly below pre-recessionary figures.

The statistics, published yesterday by the West German Iron and Steel Industry Association, show bookings for rolled steel finished products down 4.9 per cent to 1.78m tonnes from April to May. This follows hard on the heels of the 12 per cent drop in orders from March to April.

The figures, which do not include those for semi-finished products, hot rolled broad strip and special steels, show a 10.2 per cent drop in bookings from the domestic market — the industry's biggest customer. They fell from April's 1.2m tonnes to 1.07m tonnes.

Small increases in demand from European Community customers and buyers in third countries outside the EEC failed to offset the drop. EEC bookings rose by 3.9 per cent from 232,000 tonnes to 241,000 tonnes, while orders from third countries went up 5 per cent from April's 438,000 tonnes to 460,000 tonnes.

Deliveries from April to May rose by 9 per cent from 1.76m tonnes to 1.92m tonnes. As a result, the industry's order book fell back from 4.48m tonnes at the end of April to 4.34m tonnes—a decline of 3.3 per cent.

However, according to the Association, bookings in May were 120,000 tonnes higher than in the same month of 1978.

New York calls for help as supplies drop

BY DAVID LASCELLES IN NEW YORK

NEW YORK STATE, one of the areas worst affected by the petrol shortage, yesterday appealed to Washington for help. The appeal came as several large petrol producers warned of further cutbacks in supplies next month.

Governor Hugh Carey asked the Department of Energy's Economic Regulatory Administration for a 45m gallon emergency boost to the state's monthly petrol allocation, which is currently in the region of 500m gallons.

The Governor claimed that the current petrol allocation system discriminated unfairly against New York. But though at first officials in Washington said nothing could be done, state and federal officials met later to work out an emergency formula.

There are two possibilities open to New York State. One is to take advantage of the fact that July 1 falls on a Sunday to order delivery of the first July shipment before this weekend. This is allowed under the allocation rules. The state could also try to dip into the July emergency "set-aside" of 25m gallons. The June set-aside is already exhausted.

Under U.S. fuel regulations, the allocation system automatically comes into play when refiners can no longer meet their customers' full needs. Supplies are cut across the board, and allocated as a percentage of consumption in some base period, usually the same month a year earlier.

A number of oil companies warned yesterday that their percentage, or allocation fraction, will be down again in July. Conoco said it would be 82 per cent, Phillips Petroleum predicted 81 per cent, Ashland Oil 82.5 per cent, and Atlantic Richfield 97 per cent. Other large oil companies were expected to announce their fractions later this week.

The companies gave several reasons for the shortfall. They blamed shortages and high prices in the spot market.

Refiners also claimed that they were trying to adhere to a department of Energy request to start producing heating oil for next winter.

S. African strategic oil reserves 'not touched'

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA has not used "a single drop" of its strategic oil reserves since the Iranian revolution, according to Mr. D. P. De Villiers, the chairman of Sasol, the South African corporation which produces oil from coal.

These reserves, mostly stored in disused coalmines, have been estimated at between 18 months and four years of the country's oil consumption.

Mr. De Villiers who is also chairman of the state oil search company Soekor, said that the much publicised recent oil find off the southern Cape coast is not economically viable.

Nonetheless Soekor has decided to expand its search for oil and will start using South Africa's third oil drill early next year.

IRAQ, KUWAIT AMEND OIL CONTRACTS

New clauses bring risk of price escalation

BY RICHARD JOHNS, MIDDLE EAST EDITOR, IN GENEVA

CONSUMERS are faced with a new mechanism for the escalation of oil prices to the top going rate if the Organisation of Petroleum Exporting Countries' Ministerial conference in Geneva fails to agree on a unified structure.

The device is the "most favoured seller's" clause that Iraq and Kuwait are inserting into their crude oil sales contracts retroactive to June 1.

In OPEC the concept is not new. The novelty and inflationary element in the policy of the two producers is that they plan to adjust their prices not to the highest rate set in the Gulf itself but—in the words of Kuwait's notice to its customers—"the highest premium charged by any OPEC producer in the Mediterranean or the Arabian Gulf."

At present Libya is in the lead. It has imposed a surcharge for its light, sulphur-free, short-haul crude of no less than $5.31 over and above what previously would have been regarded as the correct differential in relation to the Arabian Light 34 deg API "marker" crude, whose price since April has been set at $14.55.

In front in the leapfrogging game that OPEC members have been playing over the past two months is Libya's Zuetina 40 deg API gravity crude, which is priced at $21.31 compared with $16.12 in March and $13.90 at the end of last year.

As yet neither Iraq nor Kuwait have worked out what the correct rate should be for their crude oil varieties. Before the start of the Geneva OPEC conference, Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil, said that he had not yet decided what the price for his state's heavy, sulphurous 31 deg API gravity oil should be. At present the official selling rate is $16.40 per barrel compared with $14.05 for its Saudi equivalent.

Sheikh Ali was also doubtful whether the conference would have time to discuss the whole question of differentials. He indicated that it would be totally preoccupied with the unification of the base price. There the issue is whether Saudi Arabia will be prepared to charge a minimum of $20 per barrel rather than $17-18 which it considers reasonable.

Iraq too has not specified what its prices will be. The idea is that they should be assessed at the end of the month on the basis of prices paid elsewhere after making allowance for differentials relating to gravity, quality and freight.

However, Petroleum Intelligence Weekly suggests in its latest issue that the price for its Kirkuk 36 deg API gravity oil would rise from $17.29 to $20.05 and Basrah Light would go up from $16.39 to $19.05.

Customers have complained that linking Gulf crude with those pumped by pipeline to the Mediterranean terminals is unreasonable. If the principle is to be enforced, they say, the reference should be the highest premium in the Gulf itself.

Here the pacesetter at present is Iran whose accumulative surcharge at present stands at $3.81. There is some indication that Iraq is giving consideration to this argument.

Meanwhile there has been some confusion about Iraq's reported proposal to sell oil at a lower rate to developing countries. It does not plan to offer a lower price but rather interest-free loans that would effectively involve a considerable discount.

Other members of OPEC are opposed to a dual price structure—with one rate for the rich and another for the poor. Rather, they would prefer to alleviate the burden by boosting assistance given through the OPEC Special Fund.

Venezuela is campaigning for the fund's capital to be increased by another $800m in addition to the $1.6bn contributed so far for development projects and help with balance of payments.

In addition Sr. Humberto Calderson Berti, Venezuela's Minister of Mines and Hydrocarbons, suggested yesterday that OPEC could borrow on the international market to raise extra money for the Third World.

Reuter adds from Los Angeles — A federal judge refused to issue an injunction against the Organisation of Petroleum Exporting Countries for alleged price-fixing and other anti-trust violations.

A trade union sought to prevent the U.S. government and U.S. oil companies from passing any OPEC price increases on to U.S. consumers.

Judge Andrew Hauk asked the International Association of Machinists, which filed the suit last December, to show cause that its suit is valid and postponed a final ruling until August 20.

Kuwait backs price rise to $20

BY KEVIN DONE, ENERGY CORRESPONDENT

AN INCREASE in the price of crude oil to about $20 a barrel is the only option likely to be acceptable to both oil consumers and producers, Sheikh Ali Khalifa al-Sabah, Oil Minister of Kuwait, told the City forum conference on "Oil, Money and Politics—the outlook for the 1980s," in Montreux.

A price of about $20 a barrel for OPEC marker crude "has the advantage of being both acceptable to most OPEC member-countries and additionally, will result in inducing savings in oil consumption to prevent a repetition of oil shortages in the coming four to five years.

Mr. James Akins, the former U.S. Ambassador in Saudi Arabia, said it was now important for consuming countries, to have OPEC, because not enough supply was available for a free market, and open bidding would force up prices even more quickly.

OPEC was necessary to ensure controlled price rises. He warned strongly against any military intervention in the Gulf as an apparent solution to world oil supply problems.

Military action in the Gulf could close fields altogether for several years.

Mr. Fuad Itayim, editor of the Middle East Economic Survey said recent events in the Middle East had confirmed that oil was a commodity profoundly affected by political influences. It was imperative that leading Western nations should concern themselves directly with causes of instability in the region instead of merely treating the symptoms by developing a defensive oil strategy through the International Energy Agency.

Discussing the potential for intensified offshore oil and gas exploration around the world, Mr. Peter Gaffney, senior partner in Gaffney, Cline and Associates, said the international oil industry was at present unwilling to commit sizeable funds to offshore projects where the discounted cash flow rate of return did not reach a minimum of 15 per cent.

North Sea reserves put at 78bn barrels

BY SUE CAMERON

THE NORTH SEA may contain up to twice as much recoverable oil as some of the major oil companies estimate, Dr. Ken Rosing, of Erasmus University, Rotterdam, said yesterday.

Dr. Rosing, speaking in London at a conference on oil, gas and insurance, said the latest oil company estimates of recoverable reserves in the North Sea ranged from 40bn to 60bn barrels. But work done at Erasmus University suggested there were 78bn barrels of recoverable oil in the North Sea.

Dr. Rosing said more oil could be found by drilling much deeper into the bed of the North Sea than the exploration and production companies did at present. It was possible that considerable reserves of oil could be found beneath existing fields that had already been developed.

He pointed out that in the U.S. oil had been found 8,000 feet down and more reserves had then been discovered in the same spot 17,000 feet below the surface.

Dr. Rosing said he did not expect the oil companies to start exploration drilling at much greater depths in the North Sea for another five or ten years.

They were already spending considerable sums on exploration and production nearer the surface of the seabed

John Wicks writes from Zurich: Geological formations are known to exist in Switzerland which could contain exploitable hydrocarbon reserves. This is stated by the Swiss oil and gas exploration consortium Swisspetrol Holding AG, now attempting to obtain financial backing for a further search programme to cost SwFr 130-150m (£36-42m). An existing exploration programme entailing costs of SwFr 130m is nearing its end.

Although no commercial reserves have yet been determined in the 20 years that regional affiliates of Swisspetrol have been operating, a number of small oil and gas deposits have been located. It is now intended to sink two deep boreholes, one at Finsterwald in canton Lucerne and the other at Hemrigen, near Bienne.

The Finsterwald project, involving a possible final boring depth of some 6,000 metres and thus the deepest in Switzerland to date, will cost some SwFr 23m alone and be carried out by the regional company AG Fuer Luzernisches Erdoel (LEAG).

Sharp rise in Italian oil prices agreed

By Rupert Cornwell in Rome

THE ITALIAN Government has taken its first concrete domestic action to tackle the growing threat of the energy crisis by imposing a severe increase in the prices of diesel oil and heating oil used in homes.

Diesel oil, with effect from yesterday, goes up by 20 lire to 215 lire (12p) a litre, making a total increase of 58 lire a litre since the start of this year. Heating oil will now cost 195 lire a litre, a rise of 27 lire.

The decisions taken by the Cabinet reflect the intention of Sig. Franco Nicolazzi, the Industry Minister, that diesel and heating oil will bear the brunt of the burden imposed by the sharp increase in international oil prices.

The Minister again rejected calls for a sweeping rise in the price of petrol to deter consumption. However, the suspicion remains that, once the summer holiday period is over, the Government will move to lift the price from L500 per litre (£1.30 per gallon), at which it has stood since late 1976.

The agreement to increase these product prices is a result of an understanding between the Ministry and the oil industry. In return for higher prices which allow them to compete more effectively for oil on international markets, the oil companies will maintain fuel and heating oil supplies at a normal level until the end of the year.

The measures are likely to give a further impulse to inflation in Italy by pushing up the costs of freight and transport.

Further price increases, now that the Ministry has apparently given its blessing to a measure of price freedom for fuel and heating oil, are considered possible this autumn, especially if the OPEC producers sharply increase the oil price this week in Geneva.

Industry specialists are now waiting to see to what extent the authorities here yield to the pressure from the oil industry for fewer restrictions on the price of other petroleum products.

T. B. Peramunetilleke writes from Colombo: The Sri Lanka Government has increased the price of super petrol by 50 per cent and diesel by [illegible] per cent this month. The price of a gallon of super petrol is now $2 and a gallon of diesel is 70 cents.

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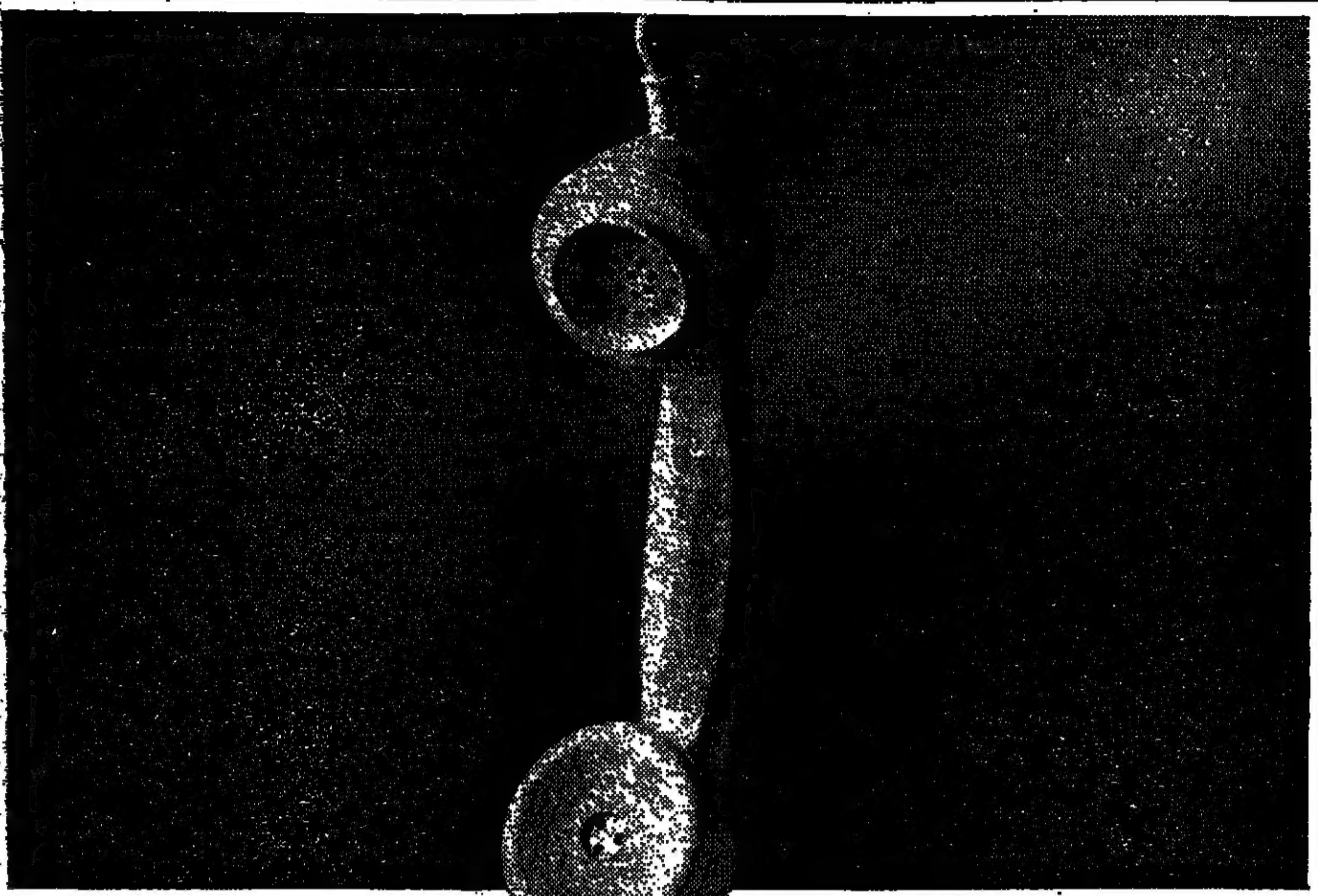

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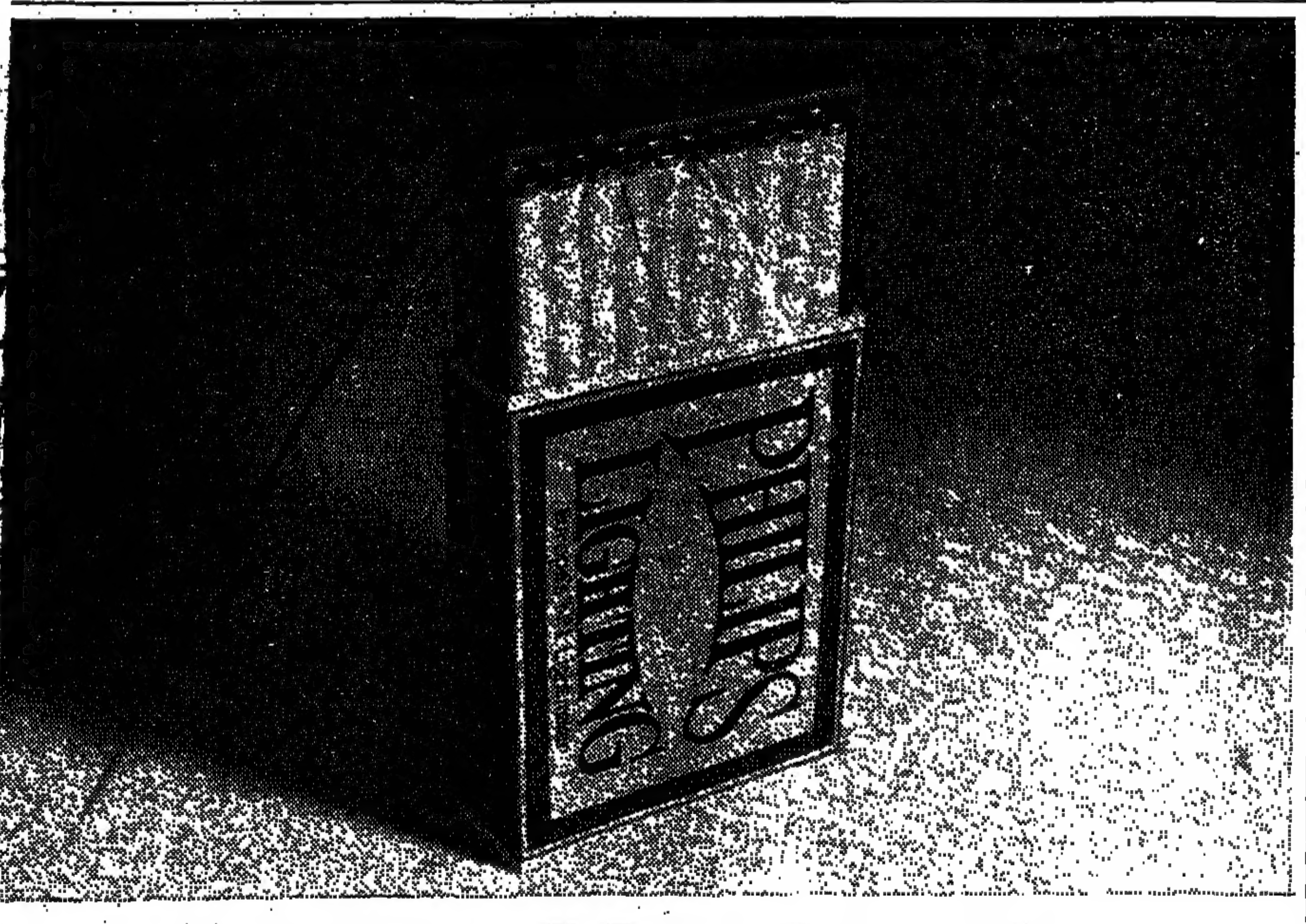

Ask us for a light, and we could cut your lighting electricity bill by 1/3

Until Philips introduced Colour 84, high light-output fluorescent lighting gave poor colour rendering, and tubes which gave faithful colour were poor in light output.

Indifferent lighting standards–whether in terms of level of light or colour values–are bad for productivity, for staff morale, and for showing goods to best effect in a store.

The breakthrough came with Colour 84. Using a new generation of fluorescent powders, derived from their knowledge of colour TV, Philips developed a unique combination of high light output and high colour rendering.

NO SELLING UNDER FALSE COLOURS

Shopkeepers like Colour 84, because nobody buys a blush pink cardigan only to find it's old rose when they get it home. Office managers like it because it's easier on the eyes. And accountants like it because it cuts lighting electricity bills by up to 1/3.

Colour 84 is typical of Philips' attitude to efficiency. Don't just make something more economical. Make it demonstrably better.

And this tenet is followed faithfully in every area of business efficiency in which Philips are involved.

What the well-dressed computer operator is wearing.

It is, of course, a mini-cassette. (A Philips invention, by the way.) But it's not for dictation.

It's used to program Philips' new generation of small computers for companies about to take the awesome step of moving into computers from electro-mechanical accounting.

The INFORMA, P300 and P400 ranges have been designed to make this transition as painless as possible.

They range in price from the cost of a Cortina to a Daimler Double-Six. They are backed by a library of 200 ready-to-wear programs, neatly packaged in mini-cassettes.

THEY CALL IT 'USER FRIENDLY'

Most important from a first-timer's viewpoint, they are, in the jargon of the business, "user-friendly."

They don't demand long retraining of your staff, nor do they need new, specialist staff. It takes a good typist under two days to get the hang of them.

If you don't immediately associate Philips with computers, you should know that Philips are market leaders in all but the very largest data processing systems.

Philips' record to date of 75,000 installations gives them a unique storehouse of knowledge, and puts them in a unique position to pioneer innovation.

These 'starter' computers illustrate aptly Philips' approach to business efficiency.

Look at a problem from the user's viewpoint. And then *innovate* to solve those problems.

Philips-a whole new world of knowledge in business efficiency.

In the last few weeks you'll have seen these advertisements for some aspects of Philips in business efficiency.

However, you'll realise that the picture is far from complete. We haven't touched on closed-circuit TV, audio and video systems, traffic control, environmental monitoring, or many other areas concerned with business efficiency.

WHO KEEPS THE KEY TO THE STOREHOUSE?

To bring these diverse interests together, Philips have set up a special unit–Philips Group Projects (U.K.)–to help companies engaged in plans which need a whole gamut of electronic products and services.

It is a single point of contact which can deal with everything from management services, design, engineering and research to finance.

The new communications systems for the All-England Club, Wimbledon and Britain's largest indoor leisure centre in Sunderland, are two ventures in which Philips Group Projects (U.K.) have played a major part, as well as a host of more modest projects.

NOT SEEING THE TREES FOR THE WOOD

Philips are big in so many fields, it's easy to overlook the fact that they are very big in business efficiency.

In fact, Philips market leadership in the free world includes business communications, telecommunications, dictation systems, as well as medium size data processing systems.

And, putting our money where our mouth is, Philips spend over £450M a year world-wide on research and development to maintain this leadership.

"Simply years ahead" is the claim at the top of this advertisement.

May we prove it to you, in one or more of the business efficiency fields we list opposite?

NOW LET'S TALK BUSINESS EFFICIENCY

If you would like more information about business products and systems from the Philips Group, please ask your secretary to tick the appropriate box:

Philips Data Systems Electronic Accounting System ☐ Office Computer System ☐ Financial Terminal System ☐ Small Business Computers ☐

Philips Business Equipment Office Dictation System ☐ Word Processing ☐

Pye Business Communications Office Intercommunication ☐ Public Address Systems ☐ Closed-circuit TV ☐ EBX Switchboard ☐

Philips Lighting Division ☐ **Philips Group Projects (U.K.)** ☐

To: David Hughes, Philips Industries, Arundel Great Court, 8 Arundel Street, London WC2R 3DT.

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OVERSEAS NEWS

Peking announces law for joint ventures with West

BY JOHN HOFFMANN IN PEKING

CHINA'S Government yesterday published a disappointingly sketchy outline of a proposed law to govern joint capital ventures with foreign companies.

The announcement is likely to give little comfort to would-be investors, many of whose discussions with Chinese officials have been hampered by the absence of conventional legal safeguards and specific provisions.

A draft proposal has been circulated for discussions by the 3,000 deputies attending the present session of the Chinese National People's Congress and the draft is expected to be adopted formally at the end of the week.

Mr. Peng Zhen, chairman of the National Legal Commission, proposed the draft but gave few details. His explanation confirmed only that China felt the need for appropriate legislation that would satisfy potential investment partners. It suggested that specific details had still to be worked out.

Mr. Hua Guofeng, the Prime Minister, also suggested this in his address to the congress last week. He said the law on joint ventures would be submitted to the congress for examination and approval, after which the State Council would work out regulations and specific measures concerning the expansion of economic and technological exchanges.

Mr. Peng told the congress yesterday: "The State Council has decided to start certain joint ventures with foreign capital. We need an appropriate law for this purpose." He said the law would ensure that technology or investment supplied by foreign partners would be protected, as would their other legal rights.

He said a condition of any joint venture would be that technology or equipment contributed by a foreign partner as investment would have to be truly up-to-date and suited to China's needs. Operation of joint ventures would be governed by the laws, decrees and regulations of China.

Mr. Peng said: "In the interests of the successful implementation of this law, specific details will be worked out and other related economic legislation will be made and enforced from time to time."

His statement made no reference to the proportion of foreign participation which would be allowed in a Chinese project. Nor did he mention management participation, tax provisions or controls on profit distribution.

Mr. Peng also presented the congress with drafts of other new laws to be adopted by China. One is a criminal law designed to protect individual property and rights, to limit the definition of counter-revolutionary offences and to reduce the application of the death penalty. If approved it will come into effect next year.

IMF critical of Israel economy

BY L. DANIEL IN TEL AVIV

STRONG criticism of Israel's economic policy has been expressed by the IMF Board of Directors, following a report prepared by an IMF mission which visited Israel several months ago.

The board is said to view with great concern the acceleration of inflation, the constantly expanding home-market demand, and absence of real cuts in the Government's budget.

Also said to be subjects of concern are unjustified increases in real wage, and the ambitious striving for economic growth, which can only lead to a further deterioration in the balance of trade and thus in Israel's external debt.

The fund, which supported liberalisation of foreign exchange transactions introduced by the Likud Government at the end of October 1977, warns that the Israeli pound exchange rate must be kept in line with costs on the Israeli market.

It also expresses the view that the measures taken so far by the Government are insufficient to contain the inflationary pressure.

The warnings must be seen against the background of an acute shortage of labour, particularly in industry and construction.

This shortage comes even before relocation of the Israeli forces from Sinai to the Negev has begun. Military relocation and construction of new airfields alone, over the next three years, will cost I£1bn (£18.3m), to which must be added the cost of shifting the civilian settlements.

The figures must be compared with a State budget for 1979/80 of £I 5.4bn.

As to the economic growth and home market demand, statistics released here show that while the GNP grew by 5.2 per cent in 1978, public expenditure—which accounts for a quarter of the GNP—grew by 13.8 per cent and private consumption by 6.3 per cent.

Hangings likely in Syria

BY IHSAN HIJAZI IN BEIRUT

PUBLIC HANGINGS are expected to take place in Syria soon after the sentencing to death of a number of people accused of involvement in the Aleppo massacre of artillery cadets.

According to reports from Damascus, up to 300 people have been rounded up. The Syrian Government and Ba'ath Party officials have vowed to strike back at the Moslem Brotherhood, which they blame for the attack.

Some reports in the Lebanese press say the Phalange of Mohammed, an underground faction, associated with the brotherhood, was responsible for the Aleppo killings and for other assassinations in Syria during the past three years. The group is said to have 4,000 members.

Mr. Masayoshi Ohira

Carter to discuss Korea withdrawal

By Richard Hanson in Tokyo

PRESIDENT CARTER will discuss U.S. plans for withdrawing ground troops from South Korea when he visits President Park Chung Hee this weekend following the Tokyo summit.

In a second round of talks yesterday with Mr. Masayoshi Ohira, the Japanese Prime Minister, President Carter stressed that the military balance on the Korean peninsula was a basic requirement for stability in the area.

The two leaders did not issue a joint communique following their two days of talks. The first round on Monday centred on what the seven-nation economic summit meeting could do about oil imports. U.S. officials emphasised that Japan and the U.S. were not trying to reach agreement on a joint proposal to present to the other five nations participating in the summit. Any agreements would have to be reached by all seven nations during their two-day meeting which begins tomorrow.

During the second session, Mr. Carter brifed the Japanese leader on the details of the SALT 2 agreement, for which Mr. Ohira expressed support.

Discussions also took place on the problem of Vietnamese refugees in South-east Asia. Although this is not on the agenda for the summit, the U.S. is hoping to win the co-operation of as many nations as possible

Kaunda-Muzorewa move fails

BY TONY HAWKINS IN SALISBURY

ATTEMPTS to arrange a meeting between Bishop Abel Muzorewia, Zimbabwe Rhodesia's Prime Minister, and President Kenneth Kaunda of Zambia have broken down. Mr. David Mukome, the Bishop's Foreign Minister, said yesterday that the summit was to have been arranged by the British Government, primarily to discuss economic issues, including the Zambian transport crisis. The meeting had failed because of "too much publicity."

Meanwhile, the opening of the first black-dominated session of Parliament was overshadowed by an angry political dispute between black nationalist factions. When Mr. James Chikerema, leader of the break-away Zimbabwe Democratic Party left Parliament after the ceremonial opening by President Gumede, a crowd of supporters of the Bishop's United African National Council surged forward shouting, "Chikerema snake."

Mr. Chikerema said he was unmoved by the demonstration. He insisted that he and his six colleagues, who left the Bishop's party last week, would retain their parliamentary seats and would seek Cabinet-level representation

In his speech from the throne, President Gumede called on the British Government to honour "not only its moral obligations, but also its clearly-stated promise," by according recognition to Zimbabwe Rhodesia and lifting economic sanctions.

He added that the Salisbury Government was anxious to live in peace and harmony with its neighbours, but it was also determined to take whatever defensive and pre-emptive action that might become necessary

Doubts on royal security

BY MICHAEL HOLMAN IN LUSAKA AND MARTIN DICKSON IN LONDON

THE LATEST raid into Zambia by Zimbabwe Rhodesia forces will prompt fresh questions about the adequacy of security arrangements in Lusaka for the forthcoming visit by the Queen and for the Commonwealth conference.

A plume of black smoke rose into the sky yesterday from the Lusaka suburb of Roma after a helicopter-borne raid by the Rhodesians. Just two months ago there was a similar sight in the Zambian capital following an audacious attack by Rhodesian commandos on the home of Mr. Joshua Nkomo, leader of the Zimbabwe African People's Union (ZAPU) guerrilla movement, which is based in Zambia.

Despite this, the Queen is due to set out on a tour of Tanzania, Malawi, Botswana and Zambia next month, arriving in Lusaka on July 27 to be on hand for the start of the Commonwealth conference on August 1. Some 30 Heads of Government will be attending the Lusaka summit including Mrs. Margaret Thatcher, the British Prime Minister.

The question of security at the conference is a sensitive issue inside Zambia, where newspapers have furiously condemned suggestions that there might be a problem. The Zambians have a great deal of precious foreign exchange, time and national pride invested in both the summit and the Queen's visit and are extremely anxious that both should go ahead.

Unless there is a catastrophic change for the worse, it seems certain that the Heads of Government meeting will be held as planned. Mr. Shridath Ramphal, Commonwealth Secretary General, has stated that he has received no representations from Heads of Government for the venue to be changed. It is believed that even if there was a catastrophe in Zambia, the meeting would be postponed rather than transferred elsewhere.

However, there is far less certainty about the Queen's visit. It is understood that the British Government has yet to make a final decision on her attendance, and that in some influential quarters of the Administration it is argued that she should not go.

Yesterday's raid shows that Zambia is still incapable of preventing Rhodesian attacks, despite British assistance last year with its air defences. Although Herr Heinz Hoffmann, the East German Defence Minister, visited Lusaka last month with a 20-man delegation, it does not seem that any assistance which might stem from that quarter will arrive before the conference.

Many people believe the Rhodesians are most unlikely to mount a major raid against the Zambian capital during the conference, since this would be counter-productive in propaganda terms. There also seems relatively little worry about the Queen's safety while she is on the ground in Zambia. She will be staying as President Kaunda's guest at State Lodge and will have two special houses at the conference centre in which to meet Commonwealth leaders.

What is causing considerable concern to security men is the safety of aircraft flying in and out of Zambia. These might face the risk of jittery ZAPU guerrillas taking pot-shots at them. Guerrillas have shot down two Air Rhodesia Viscounts in the past year.

For some months now guerrilas have been moving out of the camps they once occupied in the vicinity of Lusaka, making them harder targets for the Rhodesians and reducing the risk of an incident at the conference. But, there are still armed men in the area.

Both the Zambians and ZAPU commanders have been trying hard to get across to the guerrillas the message that they must not open fire. But security officials have been alarmed recently by a previously unreported incident on June 12.

On that evening a DETA airlines fight from Maputo to Luanda via Lusaka was fired on when approaching Lusaka airport. No damage was done.

This was not the first such incident. Earlier this year there were several reports of ground-fire on commercial flights approaching Lusaka, which led the International Air Tranport Association to issue a warning. At the end of February a Zambian Air Force Machi jet and a propellor-driven air force aircraft were both shot down near Lusaka, almost certainly by ZAPU guerrillas, jittery after a series of Rhodesian raids.

If the Rhodesian carry out further attacks in the weeks leading up to the conference, the Zambian mood could again turn edgy, though officials insist that security is under control. To support this, they point out that many of the 30 or so Heads of State who have so far said they are coming intend to bring their wives with them.

S. Africa gold output 'cause for concern'

By Bernard Simon in Johannesburg

IMPROVED LABOUR relations are one of the keys to the future well-being of South Africa's mining industry, Mr. P. A. von Wielligh, president of the South African Chamber of Mines, indicated at the chamber's annual meeting yesterday.

Referring to recent tension between the mining houses and white mine-workers over greater use of black labour, Mr. von Wielligh said the level of productivity in the goldmining industry was "a cause for concern.

"The mining industry has strenuously attempted to meet this challenge but so far, no major progress has been made.

"Every effort, however, will be made to reach agreement with the labour unions to permit employers to train and utilise the labour force to its fullest potential."

White mine-workers who went on strike earlier this year in protest against the increasing use of black labour need have no fear about the security of their jobs, he added.

Mr. von Wielligh noted that mineral sales rose by 24 per cent last year to R6,876m (£3.7bn). Mineral exports accounted for about 65 per cent of total South African export earnings in 1978. The increase was mainly due to strong rises in gold, diamond and platinum prices.

Mr. von Wielligh referred specifically to the sharp increase in demand for gold jewellery, sales of which rose by 14 per cent in the U.S. last year after a 24 per cent increase in 1977.

South Africa had entered a "transitional" stage in its economic and political development, Mr. von Wielligh went on. The country had gained, from its refusal to use strategic resources as political weapons.

John Stewart reports from Cape Town: Jail sentences running to 167 years and ranging from five to 30 years were imposed on 17 Africans convicted under South African security laws in the Bethal circuit court, Eastern Transvaal, yesterday.

Last week, Mr. Justice Curlewis found 16 of the accused guilty under the Terrorism Act. One man was convicted on an alternative charge of furthering the aims of the banned Pan-Africanist Congress.

COMPANY NOTICES

CREDIT LYONNAIS
US$30,000,000
Floating Rates 1977/1983

Bondholders are hereby informed that coupon No. 5 representing the fifth interest period will be payable as from December 24, 1979 at a price of $US 55.92 per coupon.
The rate of interest for this period of time starting from June 24, 1979 to December 23, 1979 inclusive is of 11% worked out on a basis of 183/360th.

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the seventy-fourth annual general meeting of members of African and European Investment Company Limited will be held at 44 Main Street, Johannesburg, on Wednesday August 1 1979 at 12h30 for the following business:

1. To receive and consider the annual financial statements for the year ended March 31 1979.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider and if deemed fit, to pass with or without modification the following resolution as an ordinary resolution: "That the directors be and they are hereby authorised to allot and issue all or any portion of the 320,000 unissued ordinary shares of R1 each in the capital of the company, at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine."

The transfer registers and the registers of members of the company will be closed from July 25 to August 1 1979, both days inclusive.

Holders of stock warrants to bearer wishing to attend the meeting must comply with the regulations of the company under which stock warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and speak and, on a poll, vote in his stead. In addition, a proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per W. G. Nicol,
Companies Secretary.

London Office:
40 Holborn Viaduct.
EC1P 1AJ.
June 26 1979.

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK
J. P. MORGAN & CO. INCORPORATED

A cash distribution of $0.625 per Depositary Share will be payable on and after the 20th July, 1979, upon presentation of Coupon No. 35 at:
Morgan Guaranty Trust Company of New York,
23 Wall Street (Corporate Trust Department), New York
35 Avenue des Arts, Brussels
33 Lombard Street, London
82 Frankrijklei, Antwerp
at the designated rate, less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 13th July, 1979.

PORTUGUESE GOVERNMENT 3% EXTERNAL DEBT 1902

In accordance with the Law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund instalments due 1st July 1979 have been effected by the Junta do Credito Publico in Lisbon as follows:

1st Series Bonds
Purchases in the market consisted of 2 bonds of £20.00 each totalling £40.00. The Balance of the instalment was made up by the drawing in Lisbon of 1,450 bonds of £20.00 each and 150 bonds of £100.00 each, totalling £44,000.00.

2nd Series Bonds
The entire instalment has been met by purchases in the market of 249 bonds of £19 18s 0d each, totalling £4,955, 2s 0d (Decimal equivalent £4,955.10).

3rd Series Bonds
The entire instalment has been met by the drawing in Lisbon of 2,950 interest bearing bonds of £19 18s 0d each and 139 interest bearing bonds of £99 10s 0d totalling £72,535 10s 0d (Decimal equivalent £72,535.50), together with an equal number of non-interest-bearing bonds of £6 12s 8d and £33 3s 4d respectively, of identical numbers, totalling £24,178 10s 0d (Decimal equivalent £24,178.50).

The afore-mentioned drawn bonds are repayable at par from 1st July 1979 to 30th June 1984 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO. LIMITED, 88 Leadenhall Street, London EC3A 3DT, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

INTERNATIONAL PACIFIC SECURITIES TRUST

Jardine Fleming International Limited announce that a final distribution of HK 13 cents per Income Unit will be paid on 1st August, 1979 to holders of International Pacific Securities Trust Income Units on the register on 28th June, 1979 in respect of the accounting period from 26th May, 1978 to 28th June, 1979.

The register of holders of units will be closed from 28th June, 1979 to 7th July, 1979, both days inclusive.

In order to qualify for the above distribution, transfers of Income Units, accompanied by the relevant unit certificates, must be lodged with the Trust's Registrars, Central Registration Hongkong Limited, Gammon House, Hong Kong, for registration not later than 4.00 p.m. on 27th June, 1979.

JARDINE FLEMING & COMPANY LIMITED.
Hong Kong Representative of the Managers.
Jardine Fleming International Limited.

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905
AND
URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1909
ASSENTED BONDS

Williams & Glyn's Bank Limited hereby give notice that they have received instructions from the Banque de Paris et des Pays-Bas S.A., Paris to pay to the extent of the funds which may be provided for the purpose coupons of the above loans due 1st July 1979 in sterling at the rate of £0.175 per unit coupon. This represents interest at 3½% in accordance with the terms of the offer of the Uruguayan Government dated 3rd January 1939.

PUBLIC NOTICES

TAYSIDE REGIONAL COUNCIL
£1.5m bills issued 21st June 1979 at a rate of 13¹¹⁄₃₂% to mature 20.9.79. Total applications were £10m and there are £7.5m outstanding. This appears as an amendment to the item published on 21st June.

هكذا من الأصل

U.S. issues visa to Rhodesian Prime Minister

DAVID BUCHAN IN WASHINGTON

U.S. State Department has ed a visa to Bishop Abel :ewa, Zimbabwe-Rhodesia's Minister, to visit the U.S. e second week of July. p Muzorewa is likely to talks with the Carter nistration, which has just nted a Rhodesia expert to outh African embassy to ain contacts with the Govmt in Salisbury.

lop Muzorewa is visiting S. at the private invitation nctions opponents in the and is expected to take iance to make a new public for an immediate end to S. trade boycott—a step ly opposed by the nistration.

Administration's display ibility that it is willing to n touch with the Salisbury nment and to review pments there has ently taken some of the out of the anti-sanctions

Senate voted by a big ity to end sanctions this . But signs of instability the Muzorewa Govern- and inside the Bishop's arty have had a tempering on many members in the of Representatives, the Foreign Relations ittee recently voted unani- y that they should lift ons by October 15, but the President determines ational interest would be ely affected by doing so. s move—if it prevails over enate view—would give ent Carter the free hand vants. The committee d the national interest broadly: that the U.S. l not act to end sanctions before Britain does, and that black African public opinion should be closely consulted. "No one wants to get out ahead of the British in this very difficult matter," a House committee official commented yesterday.

Because the House Committee vote was unanimous—33 to 0—its recommendation is expected to be approved by the full House, perhaps as early as this week.

Tony Hawkins adds from Salisbury: Officials here reacted sharply to President Carter's announcement that a junior State Department official would pay periodic visits to Zimbabwe Rhodesia from his base in Pretoria. One official described it as "almost an insult."

Bishop Muzerewa

Nicaraguan leaders go to Panama

AMA CITY — The five bers of the Provisional raguan Government of onal Reconstruction are to e here today on their official state visit, in re- se to an invitation by amanian President ides Royo.

e five members are Sra. ta Chamorro, widow of Juaquin Chamorro, pub- r of the opposition daily rensa who was murdered nuary, 1978; Sr. Alfonso lo, a leader of the broad sition front; Sr. Sergio rez, member of the oppo- "Group of 12"; Sr. s Hassan, a leader of the d People's Movement, Sr. Daniel Ortega, mem- f the national directorate he Sandinista Liberation t.

nama recognised the Pro- ial National Reconstruc- Government last Friday, days after breaking rela- with the Somoza regime.

date six countries have en relations with Gen. oza's Government: co, Costa Rica, Panama, dor, Brazil and Grenada. 's Foreign Minister has that his country is con- ing breaking relations.

spite an aerial bombard- t, National Guardsmen e little headway against Sandinistas fighting in agua yesterday. Mr. John and, an Associated Press ographer, said that the rdsmen pushed the bombs the door of a helicopter.

The Sandinistas' morale is ," he said.

ocies

Plan for takeover moratorium

A SIX MONTH moratorium on foreign takeovers of U.S. banks was proposed by Mr. John Heinz, a member of the Senate Banking Committee yesterday. Senator Heinz, a Republican from Pennsylvania said he would introduce legislation for the six-month moratorium, and also for the creation of a commission to study such takeovers, Reuter reports from Washington.

Since 1972 foreign bank assets in the U.S. have more than quadrupled from $18bn to $74bn, Senator Heinz said. "If all foreign takeovers of U.S. banks proposed within the last year are approved, an additional $21bn can be added, bringing the total amount to nearly $100bn or about 10 per cent of total bank assets," he said.

The increase in foreign takeovers had coincided with the rise of petrodollars, and a six-month ban would give the U.S. time to study and propose solutions to the problem.

Bosworth predicts high inflation

Mr. Barry Bosworth, director of the council on Wage and Price Stability, said yesterday he expects inflation to continue at a high rate for several more months, Reuter reports from Washington. "I do not think you can look to any moderation of inflation in the next few months," he told the Congressional Joint Economic Committee.

He expected substantial moderation in retail food prices in the next few months, but thought that any slack would be taken up by higher energy prices.

Court disapproves of the Golden Fleece

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SUPREME COURT yester- significantly narrowed the unity from prosecution that bers of Congress enjoy for ments made off the floor of egislature.

one case, the court found Senator William Proxmire, prominent Wisconsin Demo- could be sued for libel for ements he had made in ss releases and newsletters is constituents.

r another, it ruled that a ntist singled out for avourable mention by the ator in one of his releases not a public figure who to prove "actual malice" the Senator's part in bring- action against him.

Mr. Proxmire has for years n putting out one of shington's intermittently using and occasionally ealing institutions, known as "Golden Fleece of the nth" award.

He has sought to pinpoint h the award what he con- ers to be outrageous wastes public money. The winners ve ranged from the Defence partment, for funding tests the aerodynamic qualities of frisbee, to the Federal Highway Administration, for a $200,000 grant to study motorists' attitudes to large trucks.

In 1975, Mr. Proxmire focused on a subsidy given to a Michigan scientist for research into the behaviourial aggression among monkeys. The scientist sued the senator but lost in the lower courts.

In its ruling, written by Chief Justice Warren Burger, the court found that Mr. Proxmire's awards were "not essential to the deliberations of the Senate," and that the constitution's "speech or debate" clause did not provide him immunity. The senator's releases only "represent the views and will of a single member," the Chief Justice wrote.

Additionally the court found that the Michigan scientist and, in an unrelated case, a man named in a book as a Russian spy were not public figures in the sense that they did not enjoy the usual free access to the media to defend themselves.

Under U.S. law a public figure has to prove "actual malice" in order to win a libel action: that restriction is, therefore, removed.

Windfall profits tax: how it affects the oil companies

BY DAVID LASCELLES

PRESIDENT CARTER'S plan to axe windfall earnings oil companies will reap from oil price decontrol has certainly captured the heart of the nation. But it can hardly be said to have catured its mind. The proposed tax is one of the most widely publicised yet intricate pieces of fiscal legislation ever put before Congress. To make matters worse, it already exists in two versions, the President's and the House Ways and Means Commimttee's and it will doubtless spawn further variants as it works its way through to the statute books.

On June 1, Mr. Carter used his executive authority to abolish existing controls on oil prices (this, incidentally, is one of the few things that the President can do about the current energy crisis without resort to Congress. Over a 28-month period, domestically-produced oil is to be phased into higher price categories until it all sells for the world market price.

But even then, U.S. oil prices will not be completely free. There will be a new "base price" for oil which can be adjusted only for inflation, not for any changes in the market or the OPEC price.

At the same time, Mr. Carter proposed to tax part of the amount by which the price of oil rises above its controlled level. Mr. Carter suggested a 50 per cent tax as sufficient to cut into the oil companies' windfall profits without dampening their incentive to use their newfound wealth to go out and find more oil.

Thus, the tax was partly a sop for decontrol, but partly a measure to raise revenue which Mr. Carter said should be applied to developing alternative energy sources and reducing the dependence of the U.S. on imported oil.

Broadly, it would work like this: oil selling for $10 per barrel before decontrol would be subject to a $4 tax if it went up to $18. This tax would be levied on top of federal and state income tax, royalties and so on. But the tax would be temporary, it would be phased out once the decontrol process was over, probably by the mid-1980s.

Thus, a company whose income from oil rose from $100m to $150m as a result of decontrol would pay a 50 per cent tax on the $50m, or $25m. The remaining income, $125m, would be subject to regular federal company tax at 45 per cent, or $56.25m. The company would thus pay a total tax of $81.25m, an effective tax rate of 54 per cent. (This example excludes royalties and other taxes).

A temporary tax of this kind had been widely predicted. But Mr. Carter went a step further and unexpectedly proposed a new permanent tax to succeed the windfall profits tax. This would take away half the difference between the new domestic oil "base" price reached in 1981 and any increases in the price of U.S. oil directly attributable to moves by OPEC, hence its name, the "OPEC" tax. The idea, he said, was to prevent unearned and excessive profits resulting from possible future OPEC price increases. Mr. Carter made one big exception to his tax: Alaskan oil, on the grounds of its high transportation costs.

Reaction to the tax was mixed. The oil companies, not surprisingly, bitterly opposed it. And some of its suporters also argued it should either be tougher or more lenient. But generally, the public welcomed it, and the oil industry accepted it as the political price for decontrol.

The House Ways and Means Committee, the first Congressional body to examine the tax, turned out to be hawkish. After several days of lively debate it put together a Bill which hardened Mr. Carter's proposals in two ways: it raised the tax rate to 70 per cent and widened the net to include Alaskan oil, though at a reduced rate of 50 per cent with an allowance for transportation costs.

But it also softened Mr. Carter's proposal in one way. It laid down a slightly more generous base rate for newly discovered oil, $17 compared to Mr. Carter's $16, with the first $9 that prices rise above that subject to a 50 per cent rather than a 70 per cent tax, the idea being to encourage the oil industry to find new oil.

WINDFALL PROFITS TAX

	Proposed by President Carter		House Ways and Means C'tee Bill
Basic tax rate (per cent)	50		70
Tax on Alaskan oil (per cent)	None		50
Tax on new oil (per cent)	50 on increase over $16 per barrel		50 on first $9 increase over $17 per barrel 70 thereafter
"OPEC" tax (per cent)	50		70
Gross yield ($bn)	Low case	High case*	
1980	1.4	1.4	1.9
1981	4.0	4.2	5.1
1982	6.0	7.8	7.7
1983	—	—	6.9
1984	—	—	6.5

* Low case assumes zero growth, High case assumes 3 per cent annual real growth in oil prices. House estimate assumes 1½ per cent real annual growth.

The oil companies are angry about the tax because they say it will blunt their incentives to explore for oil or instal expensive tertiary recovery techniques to enhance production from existing wells. So few costs are allowable against the tax that it amounts to a tax on revenue rather than earnings. (One treasury estimate of the costs that oil companies will be able to set against windfall earnings in 1980 amounted to only 25 per cent.) The tax will fall hardest on companies (including many majors) who rely on their cash flow from existing production to finance future exploration.

On the other hand, many observers have argued that the last round of oil price increases did not produce a spurt in oil exploration and production. They also say that while the oil industry as a whole gets a return on its investment that is close to the industry-wide average of 13 per cent, exploration and production activities earn a return closer to 20 per cent, making a strong case for a windfall profits tax.

The oil companies retort that exploration and production is a high risk business, and that they need a high return to keep at it, particularly since cheap oil sources are now pretty well exhausted, and new finds will have to come in the costly northern or offshore areas.

The oil companies are most angry about the "OPEC" tax because unlike the rest of Mr. Carter's proposals, it amounts to a new permanent tax on oil revenues. Mobil, the country's second largest oil company and its most vocal, even went so far as to urge the industry to accept permanent price controls on oil from existing wells, in exchange for complete decontrol of new oil and no "OPEC" tax. This idea did not inspire the rest of the oil industry, though, particularly companies who have more old oil than they have prospects for new.

The House Ways and Means bill must now go to the house floor where it is likely to meet some opposition. But the windfall tax will face its toughest test in the Senate where the finance committee is chaired by Senator Russell Long of Louisiana, a large oil producing state, who is expected to rally to the oil industry's defence.

In the likeliest scenario, the Senate will come up with a more lenient proposal than President Carter's. So given the tough line taken by the House, the final compromise version could turn out to be close to what Mr. Carter suggested in the first place.

IRELAND'S FOREIGN INVESTMENT PLAN

The IDA fights the current

BY STEWART DALBY IN DUBLIN

IRELAND'S *Industrial Development Authority is nothing if not ambitious.*

The IDA, the main instrument *for attracting new foreign investment* in the manufacturing industry, yesterday released its new five-year-plan (1978-82), which forecasts a 15 per cent increase in the number of new jobs it hopes to create in manu*facturing.*

The main point of the plan is that it *expects to find 75,000 new* jobs over the five-year period. This will entail approving 145,000 new jobs in manufacturing and 5,000 new jobs under its service *industry* plan. In its previous plan (1977-81) it reckons the job creation rate emerged as some 12,000 actual jobs this year.

The targets in the new report are important because they are *essential to the Government's* development plan. The major objective of these plans is to eliminate unemployment by the early 1980s.

At the *moment unemployment* is conservatively put at just over 100,000 or some 11 per cent of the work force. The Government, therefore, after allowing for a shrinkage in the work force in declining industries and an increase in labour from the *increasingly efficient* agriculture sector, wants to find 25,000 new jobs each year over the next few years. If the IDA can manage to reach its target of 15,000 jobs each year it will be making a significant contribution to the problem of unemployment in Ireland.

The big question is whether it is realistic of the IDA to try and increase job creation by 15 per cent at a time when the economy is clearly slowing down. *The previous job creation* rate of 12,000 each year was achieved in the years when the Irish economy was extremely buoyant.

This year, rather than achieve the expected growth rate of 6 per cent in GNP, it is likely the growth rate will be no more than 3 per cent.

In the past three years manufacturing industry in Ireland moved faster than any *other country in the EEC*, with annual average increases of output of 9 per cent and exports of 13 per cent. Yet the IDA in its new plan admits that if the new job targets for the economy as a whole is to be reached output must increase by 11½ per cent and exports by 16 per cent *annually.*

Westinghouse Electric of the U.S. is to invest £1.9m in its third plant in the Shannon duty free area. The new plant, which will eventually employ 200 people will manufacture specialised electronic products

To help it attract new industries the IDA has introduced two refinements to its package of incentives.

First, it has doubled the amount of money to be spent on its new factory programme to £27m, and it has started a new product development *scheme. These modifications* come on top of a wide range of incentives, which include capital grants of up to 40 per cent tax write-offs, training aids and research and development assistance.

Above all Ireland has been able to offer a complete tax holiday on exports. Since there are only 3m people in Ireland this has meant that American companies, say, which have set up in the Republic have been able to export to the Common Market not only free of customs barriers but without any tax burden at all.

From 1981 the tax system will change, and all companies will have to pay a rate of corporation tax of 10 per cent, this will *still* mean, however, that the tax burden is extremely light.

Despite these attractions it would appear the IDA is setting itself a tall order.

To achieve the job target it needs to find new foreign investment of £400m each year for five years. Although £100m of this will come from the IDA itself the remaining £300m *could be difficult if the* economic climate in Ireland is perceived as deteriorating.

Swindon looks to U.S.

BY LORNE BARLING

AMERICAN ELECTRONIC equipment makers are to be urged to set up manufacturing *facilities in Swindon, which is* aiming to create 3,000 new jobs *a year over the next five years* with the aid of foreign investment.

The town, which is suffering from higher than average un*employment, has* in recent years attracted U.S. investment worth around $40m and is now mounting a campaign to increase that level.

Mr. Douglas Smith, industrial adviser to Thamesdown Borough Council, which is the local authority for Swindon, is to visit 10 U.S. cities in an effort *to encourage companies.*

He said that because Swindon had *only a limited amount of* development land, it aimed to attract companies which would provide as many jobs to the acre as possible.

Mr. Smith added that although Swindon could not offer the financial incentives provided by other British towns, it had already proved attractive to 20 U.S. manufacturers, mainly because of its convenient position and environmental factors.

More than 140 U.S. companies *have accepted invitations to* discuss investment in Swindon, and Mr. Smith will meet their representatives during a tour of Massachusetts, Illinois, Texas and California.

China to join exhibition

BY HAZELL DUFFY, INDUSTRIAL CORRESPONDENT

THE CHINESE machine tool industry will be exhibiting for the first time at an international machine tool exhibition to be held in Milan later this year.

The exhibition sponsored by CECIMO, the European Committee for the Co-operation of Machine Tool Industries, will be held from October 10-18.

Thirty countries will be exhibiting, including 13 CECIMO countries. Among the other countries represented are the U.S., the Soviet Union, *Japan and East Europe.*

Mr. Guido Conti, commissioner general for the exhibition, expressed disappointment yesterday at the relatively small number of British machine tool *manufacturers which have taken* space. These total 43, and exclude some of the major UK manufacturers. In contrast, West Germany is taking 12 times the amount of space and Italy, France and Switzerland are all taking more than Britain.

Part of the reason for the *low profile being taken by* British exhibitors is undoubtedly that the Machine Tool Trades Association in the UK is sponsoring a major exhibition *of its own next spring in* Birmingham. The MTTA announced yesterday that it is also planning a metal cutting machine tool exhibition two years later.

UK export performance in France criticised

By Terry Dodsworth in Paris

THE SLOWDOWN in British exports to France this year was described as "disquieting" by the British Chamber of Commerce France yesterday following a report underlining the casual attitude of some exporters.

The report was based on a poll of chamber members in France, who were asked to comment on criticisms of British companies.

While the chamber believes that the problems are not widespread, it suggests that failures to honour delivery dates, to respond to letters and to produce relevant literature are still too prevalent.

Mr. Robin Ward, president of the chamber, said that the image of "bone idle" British companies was becoming a serious factor which would be "*terribly difficult*" *to reverse.*

The figures shows that French imports from Britain went into reverse as a proportion of total French imports *in the first quarter of this* year.

According to French customs statistics (which vary slightly from Department of Trade export figures) Britain captured only 5.3 per cent (FFr 5.6bn) of total French import trade in this period compared with 5.6 per cent *(FFr 5.2bn) last year.*

The growth of British exports to France, given as 6.3 per vcent for the first quarter in the French figures, *is shown more flatteringly in* the DoT statistics. These have British exports going up by 9.9 per cent from £594.3m to £653m.

But the figures agree on the fact that the trade balance between the two countries, which grew to £700m in France's favour last year, is rapidly widening.

Low air fares push world traffic up by 13%

BY LYNTON McLAIN

TOTAL AIR traffic on schedule airline routes around the world *rose almost 13 per cent* last year compared with 1977, *according to the International* Civil Aviation Organisation, the *UN agency.*

The record rate of increase compares with the average annual growth of 9.5 per cent over the past decade.

The greatest growth in the tabulated freight, mail and pas*senger activities* was in the passenger sector, where the number of people carried rose by 12.3 per cent to 685m.

Freight tonne-kilometres rose *by 11.7 per cent to 26.4bn* and mail tonne-kilometres by just over 4 per cent to 3.3bn.

The ICAO annual report said yesterday that the growth of international scheduled traffic—in terms of total tonne-kilo*metres—was* more rapid than *for domestic* traffic in each of the past 10 years."

But just over half—52 per cent—of the total volume of scheduled passenger, freight and mail traffic *handled* by airlines of the 143-member states *of the* Organisation was accounted for by the carriers of the U.S. and the USSR.

Domestic air traffic in the two countries accounted for more than 40 per cent of the total scheduled air activitites of all *the members.* Britain ranked number two in the league of nations operating international services.

Load factors reported by the scheduled *airlines* reached their highest levels for 20 years last year, according to the annual report. The world average was 65 per cent for passengers, 10 per cent up on the trough of 1970, the year many airlines began *introducing* new, high-capacity airliners, ready for future growth.

The weakness of the U.S. dollar and the introduction of more low fares on the North *Atlantic boosted passenger* traffic to the U.S. by 21 per cent last year.

Airline safety, in terms of passenger fatalities per 100m passenger miles, worsened slightly last year, the annual *report said. There* were 23 fatal aircraft accidents killing 652 passengers, compared with 24 fatal accidents in 1977 which killed 516 passengers.

The report also said that the concern about the "fail safe" *concept—recently criticised in* the case of the DC 10s—for structural integrity of airliners could lead to more stringent maintenance needs. These could include an earlier-than-expected retirement of some older aircraft.

Speculation on Portugal car plant

BY KEN POTTINGER IN LISBON

THERE IS growing speculation here that major multi-national motor companies faced with the possibility of a Renault near-monopoly in Portugal, are look*ing for investment opportunities* to answer this challenge.

Reports that the American giants, General Motors and Ford are holding talks with the *Government on such* investment have met with guarded reaction. Sr. Alvaro Barreto, the Portuguese Industry Minister, refused to comment. *But Mr. Bill Werner, local* director of General Motors confirmed that he had been talking to the Government on the possible siting of a components *factory in Portugal.*

Mr. Werner could not say what size the factory might be, where it might be sited nor when *any concrete proposals* might be made. "All I can say," he told the Financial Times, "is that I have told the Government that Portugal is being *considered as a possible site for* a components manufacturing plant following our June 11th decision to invest $2bn in Spain and Austria."

It is known that General Motors considers cheap labour costs here and the proximity of the Spanish Saragosa assembly plant as favourable factors in *the possible Portuguese siting* of a components unit. GM does not expect to come to a decision before the end of the year.

Mr. Patrick Byrne, general manager of *Ford, classified the* reports as "purely speculative" and said as far as he knew the decision recently taken by Ford U.S. *headquarters* not to build a new factory in Europe still stood.

Mr. Byrne confirmed that he remained in "normal contact" *with the Portuguese* Government over the whole development of the country's depressed automotive industry.

The latest reports follow concern in the *industry over* the long-range effects the recently announced $400m Renault expansion project will have on future market develop*ment.*

The assembly and component manufacturing industry in Portugal is in a state of flux as attempts to make it competitive *with the EEC by the time* Portugal enters the Community, gather steam.

Mideast assembly plant talks

BY RAMI G. KHOURI IN AMMAN

SERIOUS TALK of building a car assembly and manufacturing plant to serve the Arab market east of Suez will be clarified next week after talks in Baghdad between the two prospective Arab partners in the project.

These are the Syrian-Jordanian Company for Industry, based in Amman, and the Baghdad-based Arab Industrial Investment company, one of the Pan-Arab companies spawned by the Arab Economic Unity Council. Its capital is shared by seven Arab states — Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Syria, *Iraq and Jordan.*

These seven will be the main market for the small car that is proposed to be assembled locally, according to Mr. Khalid *Najdawi, general manager of the* SJCI.

He will lead a delegation holding talks in Baghdad next week with both the AIIC and the Iraqi Industry Ministry, at which decisions may be made on such major matters as whether the plant assembles imported kits or manufactures most of the car parts, the location of the plant and its shareholding structure.

The most likely *arrangement*, Mr. Najdawi said in a recent *interview, is to form a joint* venture between the Syrian-Jordanian company and the Baghdad-based Pan-Arab Industrial Company, which has expressed its interest in the project.

He said that five major car manufacturers from Europe have expressed interest in the project to produce a car with a 1500cc engine. They are Volkswagen, Fiat, Mercedes, Peugeot and Renault. Syria and Iraq are considered most likely locations for the plant, which would have to produce 50,000 *cars per year to break even, and* 150,000 per year on a full manufacturing basis.

The probability is for the plant to start assembling imported kits using *some locally* made parts, then gradually shift into full local manufacturing, he said. The assembly plant would cost up to $60m (£29m) and would start operating within two years.

● Nissan Motors will more than double the value of its imports of vehicle parts and components from North America and Europe in the current financial year, Reuter *reports from Tokyo.*

Imports from the two markets in the year ending next March for use in Datsun cars sold abroad will total Y10bn (£21.6m) compared with Y4.8bn last year.

The firm's total imports of components and parts in the year will exceed Y15bn, up *from* Y10bn in 1978.

Nissan said it is trying to increase imports of such items as wiper blades, lamps and power steering equipment to help dampen foreign criticism of *Japan's massive car export* drive, and the company has arranged new import contracts with eight companies in the U.S., Canada, Britain and Austria.

Meanwhile Yokohama Rubber, the second largest rubber producer in Japan, will establish a joint venture with B. F. Goodrich of the U.S. to market car tyres and parts in Japan.

The new company will be called Mobex and will be capitalised at Y20m (£4.2m) and will be owned equally by the two companies.

The joint venture is planning to sell about Y500m worth of automobile tyres in the initial year.

MPs warned of hitch in tax treaty

ꓭY DAVID FREUD

ꓖROUP of major UK com-ies yesterday urged MPs not ·onsider the revised UK-U.S. ble taxation agreement until :e are firm U.S. moves to stop use of the controversial ıtary tax system by some es.

he UK companies dislike ary tax—which is assessed he basis of a proportion of ımpany's world-wide income ıuse, if widely adopted, it d lead to multiple taxation rofits.

clause preventing the use of system by American states deleted from the agreement the Senate last year. A sed text was negotiated by ials, without the clause pre-ing unitary taxation, and roved by the U.S. Senate ign Relations Committee ntly.

bout 40 big UK companies in the Commons yesterday agreed a resolution calling on the Government to delay consideration of the treaty until progress is made in curbing unitary taxation in the states.

It said: "We urge HMG to delay consideration of the protocol by the House of Commons until sufficient time has elapsed to enable the Congress of the U.S. and the U.S. Administration to demonstrate that they will prohibit the use of the combined reporting method, if not in the treaty, then by domestic legislation."

After the resolution was passed, the companies lobbied MPs about their concern over the treaty.

Among the companies which passed the resolution were EMI, Foseco Minsep, BAT Industries, Reckitt and Colman, Booker McConnell, Cadbury Schweppes, Chloride, Plessey, George Wimpel, Cavenham, Guthrie Corporation, Thorn Electrical and Stone Platt Industries.

VAT relief will aid disabled drivers

Y LISA WOOD

ERNMENT ACTION to en-disabled drivers to lease at a much lower rate than ıal through the charity bility was announced yes-ıy by Mr. Patrick Jenkin, etary of State for Social ices.

otability operates a scheme r which a disabled person receives mobility allow-s may lease a car, mainten-and repairs included, in n for the allowance. The pays for petrol, insurance an advance rental.

combination of factors—g car prices, VAT and est rates—meant that the nce rentals would be in-sed substantially.

otability thought that many oled people would not be to afford these. It suspended of new leases and asked the Government to remove VAT on its cars.

It has to some extent met this demand. Mr. Jenkin said that an Order would be made as soon as possible to relieve the charity of the effects of the Value Added Tax (Cars) Order, 1977.

This will mean that while the regular leasing charges paid by Motability's clients will still bear VAT, the organisation can recover the input tax paid on purchase of cars.

The Secretary of State said that this concession, with the 20 per cent increase in mobility allowances from November, would enable Motability to resume issuing car leases "on better terms than those available in the period before the Budget."

'Video camera resistance harming TV news cover'

Y ARTHUR SANDLES

THER WARNINGS that a ıal by unions to accept new ıology in television will ıusly affect UK television coverage compared with r nations, came yesterday Mr. Alan Protheroe, r of BBC Television News.

. Protheroe was speaking he BBC prepared for its oration of 25 years of tele-n news. He was clearly not nistic about the start of the 25. "We are all of us on sides running out of time. are being overtaken by our ıagues in Europe. Our tradi-l leadership in editorial technical standards is at e."

t the heart of Mr. heroe's complaints is con-ed union opposition to use of ENG (electronic s gathering) techniques. s involves the use of o cameras, which pro-instant pictures, instead of y film equipment. Britain f one the few developed ıtries still using film as the n news medium.

hange to the new techniques only has a potential impact rew manning levels but also ıns less work for processing editing units.

I detect an increasing recog-on of the urgent need for a ıtion and a full understand-that the way forward—eed our survival as a credible and worthwhile medium of information and communication—is to use this new equipment now."

Both ITV and the BBC have the necessary equipment. At the moment, ITN has a crew on experimental work under temporary agreements. The BBC cameras are mothballed after a similar temporary settlement expired.

It is an increasing preoccupation of the British television news managements to get ENG equipment into operation. "For television news in this country to go down into the second division is far too high a price to pay," said Mr. Protheroe.

Dresser in Scots mining search

BY PAUL CHEESERIGHT

THE Forestry Commisison has granted Dresser Minerals International an exploration lease covering 2,600 acres of mountainous land south of Loch Tummel, near Pitlochry, in Scotland. Dresser is to mount a programme to search for barytes.

The lease agreement gives Dresser an option to mine on the property if minerals are discovered, but does not absolve the company from the need to seek planning permission for its activity.

Barytes is an industrial mineral, a heavy and inert material which is used in oil and gas drilling. Its presence in possible commercial quantities near Loch Tummel had been suggested by a survey carried out by the Institute of Geological Sciences for the Forestry Commission.

The survey prompted the commission at the end of last year to call for tenders to carry out further exploration. There were 10 applicants.

The level of interest reflected the firm demand for barytes at a time of extensive international oil exploration. Although the development of the North Sea has encouraged barytes production in the UK, operations remain on a small scale, largely in Yorkshire, Cumbria and Derbyshire. A large part of requirements is met by imports from Morocco and Spain.

Barytes is a common mineral, produced in about 40 countries, with the largest output coming from the U.S. where Dresser is a big supplier.

Dresser's work near Loch Tummel is expected to begin soon but weather conditions confine the Scottish exploration season to the April-November period.

Metrication change vital—Methven

Financial Times Reporter

THE CHANGE to metrication should be made as quickly as possible, the Confederation of British Industry said yesterday.

Sir John Methven, director-general of the CBI, urged the Government to make a positive commitment towards completing the changeover. It was "unrealistic" for an efficient trading nation to allow two systems to operate—one for the housewife and one for the businessman, he said.

Retailers and purchasing agencies should be encouraged to adopt metric standards, and industry too had its part to play.

He said at the annual conference of the Institute of Trading Standards Administration in Brighton: "We are in the worst of both worlds where the managing director of one of our major companies—who is having to carry dual stocks—says they could release as much as £20m in capital for investment if the changeover was completed. What it costs industry as a whole to cope with both systems, in design, manufacture, stock holding, distribution—right across the board—I hate to think."

Sir John also urged restraint in consumer protection legislation. He challenged the Price Commission — whose abolition he welcomed — to point to a single case where it had been able to identify inefficiencies which were not known to management and which they were not pursuing already.

"It was claimed that price controls protected the consumer," he said. "What nonsense. At annual cost of £7m or more to the taxpayer, its annual contribution to the fight against inflation was 1p in every £10."

New factory for Deeside

A NEW subsidiary has been formed by Cheshire Scaffold, of Hawarden, to manufacture prefabricated scaffolding towers and associated equipment in a factory on Deeside Industrial Park.

Some 3.5 acres have been leased from BSC (Industry) for the 25,000 sq ft factory and offices, expected to be ready for occupation in date 1979. It is envisaged that 40 persons, principally craft welders, will be employed there within three years.

Hugh Routledge

Prince Charles yesterday visited the trading floor of the Stock Exchange. He was accompanied by Mr. Nicholas Goodison, the Stock Exchange chairman. The visit was part of Prince Charles's programme of getting to know the work of City institutions. Before looking round the trading floor Prince Charles visited the offices of Mr. Goodison's broking firm, Quilter, Hilton, Goodison and Co. He later joined the Stock Exchange Council for lunch.

New BL models 'will boost sales'

BY OUR MOTOR INDUSTRY CORRESPONDENT

BL's planned new models could give the company 30 per cent of the UK new car market by the mid-1980s, Mr. Bill Seward, partner and motor analyst at stockbrokers Phillips and Drew, said yesterday.

He told a seminar that if the Mini Metro, the Honda-Triumph and the new medium car to replace the Allegro and Marina were successful, and provided BL improved its market share at the expense of importers, about 150,000 extra cars would be built in the UK. "So therein lies our hope for any major future recovery in UK car production."

Mr. Lionel Harvey, director of the Lex Service Group, told the seminar that by the early 1980s BL "should be poised for revival and growth."

The BL policy of concentrating on a "quality" car for each segment of the market in the 1980s would play its part as well as the loyalty of motorists in Britain.

Mr. Seward presented Phillips and Drew forcasts which showed the brokers are expecting a 4 per cent rise in new car sales in Britain this year to around 1.656m but that next year registrations might well fall by 10 per ceint to 1.525m.

But while the importers' share this year could rise by 13 per cent to 889,000 cars, in 1980 it would probably fall away again to 775,000.

UK car production was expected to remain unchanged at around 1.25m a year between 1978 and 1980.

Sales of light commercial vehicles in the UK would be up 15 per cent to 217,000 this year but fall to 200,000 in 1980.

Leaking tanker for Shanklin rescue attempt

BY LYNTON McLAIN

THE HOLIDAY peace of the Isle of Wight was disturbed yesterday after the Government approved a plan to tow a stricken and leaking oil tanker to within a mile of Shanklin Pier on the island's sandy east coast.

The German tanker Tarpenbek was holed last Thursday after a callision in thick fog with the Royal Navy fleet auxiliary St. Geraint.

The tanker last night was lying upside down with her stern stuck in the mud four miles off Selsey Bill, Sussex.

But the eight main tanks, holding 1,600 tons of lubricating oil, including thick gear oil, were still intact yesterday. The rescue plan approved by Mr. Norman Tebbit, Under-Secretary for Trade, calls for these tanks to be emptied after the Tarpenbek has been brought to the "sheltered waters" of the Isle of Wight.

Oil from the damaged engine-room formed a slick off Selsey which was finally dispersed with detergents yesterday.

There are fears from Wight residents and some of the 120,000 summer holidaymakers that the rescue plan may go seriously wrong.

Mr. John Horsnell, chief executive of the Isle of Wight County Council, said the Sandown Bay area chosen for the pumping "is the most popular bucket-and-spade area on the whole island."

The beaches round the point of pumping are almost five miles long and crowded with summer visitors.

"We can only assume that the Government is highly confident that it can pull this off without any oil spills," he said.

The Trade Department said the object was to find sheltered waters where there would be the least risk of the ship breaking up.

The plan is to tow her upside down the 15 miles to Shanklin. This will take two tugs 10 hours. The operation is expected to start this morning.

Mr. Horsnell said his officials had formally protested to Mr. Tebbit, through his private office, to Admiral Michael Stacey, director of the Government Marine Pollution Control Unit, to Knohr Burchard, the tanker-owners and to Smits, the Dutch salvage company.

The county council told Ministers that it expected "full compensation for all expenses involved." The county surveyor was already marshalling rescue and beach clean-up equipment.

Expert warns of cancer risk from fish bred near Windscale

BY DAVID FISHLOCK, SCIENCE EDITOR

ꓭETWEEN THREE and 10 ople may die of cancer over e next 20-30 years as a result eating fish contaminated with dio-activity released from the indscale factory of British ıclear Fuels, in Cumbria, cording to one of Britain's top perts on radio-activity.

But Professor John Fremlin Birmingham University says is is a pessimistic estimate, ıich also assumes that our ility to treat radiation-duced cancers does not im-ove in that time.

In fact, he says, "our under-anding of cancers is increasing tremely rapidly."

Professor Fremlin's estimate made in a report for Cumbria ounty Council. It explains the ıplications in the latest annual port from British Nuclear uels of its radio-active releases om Windscale. The releases, f weak radio-active effluent rising from the reprocessing of spent nuclear fuel, were hotly debated during the Windscale public inquiry two years ago.

Radio-active releases from Windscale were 12 per cent less in 1978 than in the previous year.

Professor Fremlin, who is the county council's expert adviser on radio-active discharges, says the danger from fish is due to a build-up of caesium-137—a bone-seeking radio-isotope—in bottom-dwelling fish such as plaice and brill living near the end of the sea discharge pipe.

But he adds that the number of people already dying in Britain—not necessarily from cancer—from breathing fumes released by coal and oil is of the order of a few thousand a year.

"For each three people in Cumbria who both smoke over 20 cigarettes a day and drink fairly heavily, one will die of cancer as a result," says Professor Fremlin.

Between 60,000 and 80,000 deaths in Britain each year are due to environmental causes, he says. One source of airborne contamination is the gas radon-222, the decay product of natural uranium. This is given off in small quantities by practically every building material other than wood.

"It has been estimated that the build-up of this in living rooms must be responsible for something of the order of 100 deaths from lung and bronchial cancer each year in Britain. If we operated a major heat-saving campaign by improving the insulation of houses, thereby reducing ventilation, this number might be doubled," he says.

Shellfish close to the Windscale factory also accumulate radio-activity, but gathering is already forbidden by Cumbria County Council because of the amount of untreated sewage discharged along its coastline.

N. Ireland Secretary for Dublin soon

BY STEWART DALBY IN DUBLIN

MR. HUMPHREY ATKINS, the Northern Ireland Secretary, will have his first meeting with Irish Government officials in Dublin soon.

He is expected to see Mr. Michael O'Kennedy, the Irish Foreign Minister, and his officials, but will not on this occasion see Mr. Jack Lynch, the Prime Minister. When Mr. Lynch paid a courtesy call on Mrs. Thatcher in London soon after her election on May 3 he stressed the Irish desire for a new British initiative on Northern Ireland.

The vexed question of cross-border security will figure prominently in Mr. Atkins's talks. Economic questions as well as the problem of breaking the political stalemate will be discussed.

Mr. Atkins has been under pressure from leading Unionist politicians, not least the hardline Rev. Ian Paisley, to push the Irish Government on the question of border security. The idea has taken root in Unionist circles that IRA assassins can flee across the Border into the Republic with impunity.

The recent spate of killings of members of the Royal Ulster Constaulary and the Ulster Defence Regiment in areas close to the border has lent weight to the idea that IRA can find a safe sanctuary in the Republic.

In effect the Irish Government does not willingly allow the harbouring of IRA operatives. Joint patrols are in operation between the Irish police (Garda) and the RUC. However, there are probably not more than 1,000 Irish policemen stationed along border areas.

Since the Border is 290 miles long and runs through much rugged and wild country, it would probably be impossible to police even with a much greater number of Garda.

Some further co-operation is theoretically possible, since there are no direct army-to-army links. The problem here is that the Irish Army, just over 8,000 strong, is subordinate to the civil authorities.

The extent to which it can co-operate with the British Army is therefore technically at least circumscribed.

In the economic sphere Mr. O'Kennedy has stressed the possibilities of closer co-operation in areas like tourism, energy and cross-border drainage schemes, and will again stress Ireland's faster rate of growth than Northern Ireland's leaves open opportunities for closer ties on agriculture and foreign investment.

Economists predict fall in sterling

BY OUR ECONOMICS CORRESPONDENT

STERLING is looking "expensive" judging by the main indicators of Britain's price and trade performance and of relative money supply growth.

This is the conclusion of the latest issue of Exchange Rate Outlook produced by two economists of the London Business School, Charles Fulton, the money brokers, and Gower Press.

The outlook "attaches much higher risks to sterling than does the market" and projects a fall in the rate over the next six months back to the level at the end of last year.

"The market appears to have re-rated sterling because of the increased value to the economy of North Sea oil. Combined with high interest rates, this re-rating could have misjudged the fragility of the UK's non-oil economy."

The outlook points out that UK relative price competitiveness is almost 20 per cent above the historic trend level, while relative supply growth is 10 per cent above trend.

GLC promises to rehouse 120 families

GREATER LONDON COUNCIL has promised to rehouse 120 families in an East End estate after a tenant complained to Mrs. Margaret Thatcher, the Prime Minister, about atrocious conditions.

The families live on the GLC Prestons Road estate, on the Isle of Dogs, occupying six blocks of flats built before the First World War and one built later.

After receiving the tenant's appeal to the Prime Minister, Mr. George Tremlett, leader of the GLC housing policy committee, visited the estate, and said he was "horrified and felt a profound sense of shame that a public authority could be acting as a slum landlord."

THE RESTORATION of a 19th-century railway workers' village in the centre of Swindon, Wiltshire, has received the accolade of the Royal Town Planning Institute, which this week presents its silver jubilee cup for environmental improvement to the architect's department of the local authority, Thamesdown.

Built between 1840 and 1865 to house Great Western Railway workers, the village included 300 cottages, a market hall, three public houses, a lodging house and a cottage hospital site.

A rare example of planned 19th-century industrial housing, the village is on the Department of the Environment's statutory list of buildings with special architectural or historical interest.

Restoration work, begun in 1974, is due to be completed next year. It has involved landscaping and the renovation of dwellings and community buildings. One, a church, has been turned into a railway museum.

The institute called the project a "spendid example" of restoration of an outworn residential area, done with minimum disturbance to residents.

Residents lose fight for terrace

A LISTED 19th century terrace in London will be converted into shops and offices in spite of objections from the residents and the Covent Garden Community Association.

Under the Covent Garden Action Area Plan the houses in James Street were to be converted to provide workshops and flats.

But the Greater London Council now feels that the street should be mainly used for shops and offices as it is close to the piazza which will become the new commercial heart of the area.

The plan passed by the GLC and 13,000 sq ft of offices.

The housing plan intended for the site has been transferred to Mathews Yard, a site that is closer to other GLC housing in Long Acre.

Prestcold closures 'costly'

By Ray Perman, Scottish Correspondent

THE COSTS of closing Prestcold's two Scottish factories will far outweigh the company's need for capital to make it viable again, according to a study by the Scottish TUC.

The 900 employees in the two plants, which make compressors for refrigerators and freezers, have been given 90-day redundancy notices, but unions are fighting the closure.

Drawing heavily on private reports by PE Management Consultants, acting for the Scottish Development Agency, and the local Prestcold management, the congress says there is no good commercial reason for shutting down.

The evidence in both reports suggests that a market exists for Prestcold's medium and large compressors and that the new domestic compressor, which was to have been introduced this year, is as good as its competitors and has major buyer support.

Investment

The cost to the Government of closing the plants could be as much as £7.8m, including tax losses and unemployment benefit payments. The effect on the balance of payments of having to import compressors could be £13m in 1980. Against this is the estimated £4.8m investment needed over five years to return the plants to profitability.

The congress concludes: "No amount of ideological contortion can hide the facts that the costs of closure outweigh the short-term capital needs of Prestcold.

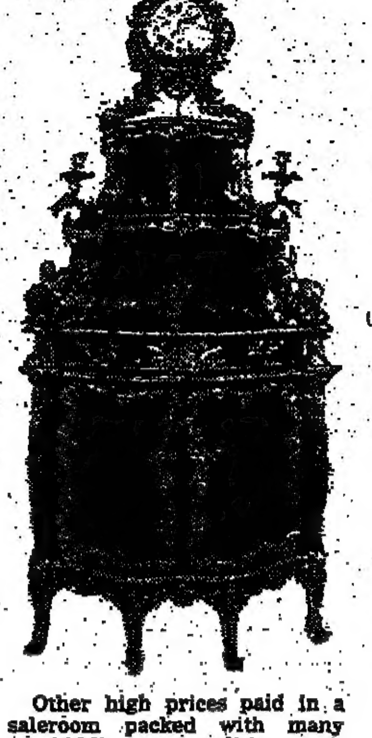
"Only a government blind not only to the social considerations of closure but also to the economic considerations, would allow the factories to go to the wall."

London gallery pays record £822,000 for French cabinet

A RECORD price of £822,511 was paid for a single item of furniture during the opening session on Monday night of a Sotheby's auction in Monte Carlo.

The auction of French furniture is the most important since the Hamilton Palace sale of 1882. The collection, belonging to Mr. Akram Ojjeh, a Saudi industrialist, brought in a total of £3.9m in the first session.

The record individual sum was paid by the Heim Gallery of London for a Louis XV ormolu mounted marquetry corner cabinet by Dubois, after a design by Nicolas Pineau (pictured right). It is surmounted by a clock signed Etienne Lenoir and was formerly in the Nathaniel Rothschild collection of Schloss Schillersdorf in Vienna. It was almost certainly made for a royal palace and was considered to be the finest piece of furniture ever offered at auction. Even so, the price paid was more than double Sotheby's pre-sale forecast.



Mr. Ojjeh acquired the collection of 200 objects in November, 1977, from the Wildenstein family, the fine art dealers, who had bought much of it in the late-19th century.

He intended to house it in the S.S. France, but was advised that the sea air would damage the furniture. His speedy re-sale

SALEROOM

BY ANTONY THORNCROFT

should bring Mr. Ojjeh a considerable profit, because he is unlikely to have paid more than £4m for the collection.

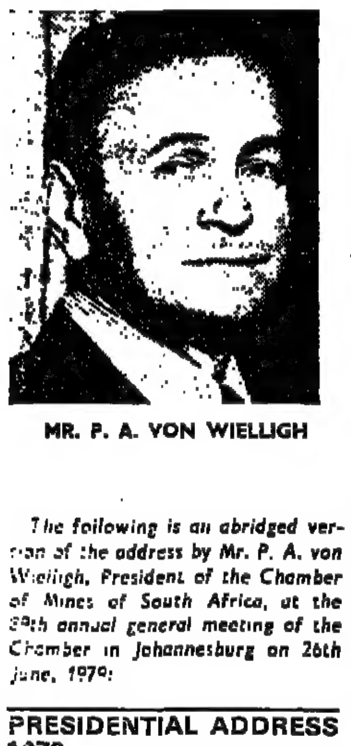
Two other pieces beat the previous auction record of £240,000 paid at the Lady Baillie sale of 1974. A Louis XVI ormolu mounted marquetry commode, stamped J. F. Leleu, fetched £454,545 and a pair of Louis XV ormolu mounted marquetry encoignures, stamped I. P. Latz, made £281,385.

Other high prices paid in a saleroom packed with many non-bidding personalities, such as Ringo Starr and Michael York, were the £216,450 for a pair of late Louis XIV ormolu mounted boulle commodes stamped E. Levasseur; £205,628 for a Louis XV ormolu mounted bois satine travelling bureau plat, stamped BVRB; £162,338 for a Louis XVI tulipwood and sycamore marquetry commode, stamped M. Carlin Jme; and £140,695 for a Louis XV ormolu mounted parquetry commode, attributed to Charles Cressent.

On Monday night Sotheby's held an auction at Slane Castle in Co. Meath in Eire. Irish glass totalled £80,190 with a top price of £1,600 from the national museum of Ireland for a bowl inscribed "The Glorious Memory of King William III." Silver brought in £69,015 with a best price of £6,800 from Koopman for a George II baluster beer jug by Joseph Johns of Limerick.

89th ANNUAL GENERAL MEETING OF THE CHAMBER OF MINES OF SOUTH AFRICA

South Africa launched on new path of progress



MR. P. A. VON WIELLIGH

The following is an abridged version of the address by Mr. P. A. von Wielligh, President of the Chamber of Mines of South Africa, at the 89th annual general meeting of the Chamber in Johannesburg on 26th June, 1979:

PRESIDENTIAL ADDRESS 1979

The year has been notable for a fundamental change of direction in Government policy based on acceptance of new philosophies emanating from the De Kock, Wiehahn and Riekert commissions of enquiry. A movement has been initiated away from constraints on the monetary system and foreign exchange markets, and towards the dismantling of discrimination in the work place.

The Government appears wedded to change at a pace acceptable to public, and, especially, to White trade union opinion. Nonetheless, the movement, though cautious, is positive and the country has entered a new phase of its development. A non-discriminatory basis for the work place has been accepted with important implications for the economy and the mining industry. A wider freedom of action, with accompanying responsibilities, has been conferred on private enterprise.

MINERAL PRODUCTION

Mineral exports constituted about 65 per cent of total South African exports in 1978 and contributed substantially to the surplus on current account, to the buoyancy of State revenue and continued strengthening of the economy in general. These export earnings have helped so far to cushion the effects of the new oil crisis and this cushioning effect will continue in the critical situation that now threatens industrialised nations.

South Africa draws material advantage from its spread of mineral products. In the past year, for example, economic uncertainties have engendered strong demand for the hedge commodities such as gold, platinum and diamonds that has more than compensated for weaknesses on base metal and other mineral markets that these same uncertainties have helped to engender. South Africa is also fortunate in possessing substantial reserves of the fuel minerals, coal and uranium.

PLATINUM

As a result of better markets and higher prices the South African producers' profitability has been restored to levels at which they can contemplate a further expansion of production to meet demand. Former cut-backs in production have been restored and the two major South African producers have indicated that they are proceeding, albeit with some caution, to expand their production further to meet expected demands.

COAL

The build-up of the coal industry has been a spectacular feature of mining in South Africa in recent years and its performance continues to be most impressive. In addition to extensions on existing collieries, five large new collieries were brought to production last year. Two of these collieries will eventually supply nearly 20 million tons annually to two new Escom power stations, and three will produce mainly for export.

Phase two of the coal export scheme through Richards Bay started in November, 1978. This scheme has enabled a progressive build-up of coal exports from a rate of some 12 million tons a year to a rate of 20 million tons a year a month ago, the additional tonnage being primarily produced by the three new export collieries.

The Government has issued provisional letters of allocation for the export of an additional 24 million tons of coal a year through Richards Bay. This will enable annual tonnages to reach 44 million tons of coal exports per annum by the mid to late 80's.

URANIUM

Uranium production in 1978 again recorded a substantial increase, rising by some 660 tons, or 17 per cent, to 4 531 tons U308. The steady growth arises from the successful negotiation over the past few years of major contracts. This trend is expected to continue.

There is understandably a searching world-wide review of the operational difficulties associated with nuclear power generation and this may cause some delay in current nuclear programmes. However, I am confident that the results will confirm that nuclear reactors are an essential means of generating electric power in a world faced with shortages of other fuels and the discouraging results of research so far into new means of generating electricity on a large scale.

The outlook for uranium consequently remains an encouraging one. The industry's marketing organisation, Nuclear Fuels Corporation, has continued during the past year to negotiate long-term sales contracts, some of which have been coupled with capital loans for the financing of expanded production facilities. Nufcor has also made a number of smaller spot sales. There seems little doubt that the industry's long standing reputation for reliability in the supply of uranium will ensure that we maintain a substantial share of the market.

GOLD

The gold mining industry performed well during the year assisted by the exceptional buoyancy of the gold price, the continued ability of the industry to attract an adequate labour force, and a slow down in cost escalation.

A notable event was the bringing to production ahead of schedule of the Elandsrand gold mine. Two more major mines, Deelkraal and Unisel, are expected to begin production this year. Of further significance was the decision to proceed with the Beisa mine which although primarily a uranium producer will nevertheless when in production make a contribution to the country's total gold production. Capital expenditure on existing producers totalled R448.3 million in 1978, an increase of 4.2 per cent on 1977.

THE MONETARY ROLE OF GOLD

A major feature of the gold market in 1978 was the enhanced monetary role of gold which resulted from ratification of amendments to the Articles of Agreement of the International Monetary Fund on 1st April, 1978. This enabled member countries of the International Monetary Fund to value their gold reserves at market related prices and to utilize these reserves for international transactions without the previous restraint of an artificially low official price of gold. As a result gold reserves held by central banks are worth at current market related prices in excess of U.S. $270 billion or 50 per cent of total international reserves. Obviously, this has important implications for gold as a monetary asset and for its role in the international monetary system.

Gold has clearly been restored to its place as an asset in the international monetary system. Evidence of this includes the continued use of gold as collateral for international loans by a number of countries, the continued sale of gold by the IMF as a means of raising aid for distribution to the less developed countries, the supportive role for the dollar generated by gold sales by the U.S. Treasury and the inclusion of gold as part of the backing for the new European Monetary Fund which forms the reserve basis for the recently introduced, European Monetary System.

The Swiss have always recommended the use of gold as part of an investment portfolio. More recently fund managers and investment analysts in the U.S. have more seriously considered the merits of gold as a portfolio investment. An important recent development was the decision by Alaska's State pension fund managers to seek legislative authority to include gold among the assets of the pension funds, a step which apparently has support in certain other states.

Another significant development has been the decisions of some large, well-known banks in the United States to use gold as a savings medium in the form of gold certificates and passbook gold accounts. This action endorses the dramatic change of attitude towards the monetary use of gold by the public, the banking community and the authorities in the United States.

THE GOLD MARKET

The major factor causing the exceptional rise in the gold price has been the world wide demand for gold as a hedge against economic uncertainty and, in particular, currency weaknesses, with the price of gold accelerating in terms of all major currencies. Under the circumstances it was extremely gratifying to note that the industrial demand for gold had not suffered from any price elastic response to the higher gold price. In fact the industrial demand for gold in 1978 reached its highest level for many years taking up in total about 1 300 metric tons of gold. As previously, the major portion was absorbed in the fabrication of jewellery.

Of major importance in 1978 has been the steady upswing in demand for gold jewellery in the industrialized countries of the West. Contributing factors have been the steady rise of disposable incomes and the desire for a hedge against inflation. A further factor has been the continuing growth of consumer awareness of the advantages of gold jewellery and in this the promotional activities of the International Gold Corporation, the Chamber's marketing arm, have played a vital role.

Until now, Intergold has concentrated its energies on the established markets of Europe and North America. Steps have already been taken to explore the possibilities of gold jewellery promotion in other parts of the world where substantial jewellery markets also exist. In one of these, the Far East, an office located in Hong Kong was opened in January, 1979.

Another area in which the fabrication demand for gold expanded substantially was in the production of official gold coins, most notably the increased demand for gold for the production of Krugerrands which are marketed world wide by Intergold. Its achievement in selling more than 6 million coins in 1978 was marked by the Rand Daily Mail Business Achievement Award for the year.

The investment demand for gold bullion, mainly in the form of gold accounts held at major banks in the Western world and the purchase of small gold bars in less developed countries remained firm during 1978. Together with the investment purchase of gold coins, the total gold investment market in 1978 was estimated at about 450 tons. Total gold purchased on international markets around the world was about 1 740 tons, by far the largest demand for gold over the past decade.

The major factors leading to an increased supply of gold last year were official sales by the U.S. Treasury and the International Monetary Fund. In April 1979 the U.S. Treasury tacitly indicated the success of the supportive role of its gold auctions by admitting that the U.S. dollar no longer required support at the previous level and that it was halving the amount of gold on auction because "gold no longer appears to be a destabilising factor in these markets." In May, the IMF reassessed its gold sales policy in the light of current circumstances and also reduced the amount of gold sold on its auctions.

The ability of the gold market to absorb the increasing amounts of gold on offer from aboveground reserves over the past 18 months is a clear indication of the fundamental strength of demand and gives cause for optimism that the gold price will continue to maintain levels which compensate for the depreciating purchasing power of other monetary assets.

The strong demand for gold as a hedge against currency uncertainty has been clearly demonstrated over the past year and emphasised that gold currently plays "a hard currency role." A factor which has been given rather less attention, however, has been the important role which the increased liquidity of the gold futures markets has played in providing a vehicle for gold users, gold dealers, gold producers and other gold holders to hedge against price movements which might adversely affect their interests. In so doing the gold futures markets have played an important role in stabilising the physical usage and consumption of gold for industrial purposes.

LABOUR

There have since been a number of meetings between the Chamber and the Mineworkers' Union. On each occasion, the Mineworkers' Union has been advised that in the present circumstances the mining industry does not wish to contemplate the introduction of a five-day week in any form. Discussions are continuing to find ways of making the eleven-shift fortnight arrangement more cost effective by improving productivity and reducing the rate of increase in working costs arising from it.

The level of the productivity of labour in the gold mining industry is a cause for concern. The mining industry has strenuously attempted to meet this challenge but so far no major progress has been made. To achieve the improvement which is so vitally important to the future economic viability of the mines, all available skills and potential skills must be fully utilised. Every effort will have to be made therefore to reach agreement with the labour unions to permit employers to train and utilise the labour force to its fullest potential.

The publication of the Riekert Commission report and the first report of the Wiehahn Commission recently are of critical importance. Both these reports recommend a fundamental change in direction in Government policy—a movement away from constraints towards a dismantling of racial discrimination in the work place, the freer and fuller utilisation of labour and the fuller participation of all employees in the free enterprise system. The first report of the Wiehahn Commission contains a number of far-reaching recommendations which, if implemented by the Government, will change labour relations significantly. It is, however, understood that the more detailed recommendations of the Commission relating specifically to the mining industry will appear in a later report of the Commission, to be made public later this year.

The Chamber's labour recruiting organisation, The Employment Bureau of Africa, Limited, known in many countries of Southern Africa as "TEBA," was able to fill all the industry's requirements of unskilled labour throughout the year and the organisation is increasingly involving itself in the provision of back-up services to enable men to return regularly to the mines.

Continuing the policy of maintaining employment opportunities for mineworkers from the various countries in which TEBA operates, the Chamber maintained cordial relations with the Governments concerned. The numbers of men seeking employment have everywhere been in excess of the vacancies offered and have brought some problems of balancing our commitment to traditional source countries against our commitment to employ as many South Africans as possible.

During the year savings accumulated to the credit of mineworkers and paid through TEBA offices on their return home in the ten countries of Southern Africa totalled R143 million. These remittances have a material impact in the improvement of standards of living in the countries concerned.

THE OUTLOOK

Latterly the outlook has been obscured by the new fuel crisis which has necessitated the strictest economy in South Africa, as elsewhere, to conserve available oil supplies. Fortunately the mining industry's main power source is electricity from coal and it consumes only about four per cent of the oil available to South Africa.

Increased foreign exchange earnings from minerals have become as vital to South Africa as fuel economies if she is to meet the mounting oil bill, and this situation emphasises the need for expansion into new markets, especially those offered by the movement of third world countries into the industrialized phase.

In doing so South Africa will enjoy a comparative advantage in the degree of State encouragement accorded to mining enterprise, unlike some other countries where political constraint and regulatory "overkill" harass mining and endanger the supply of vital resources.

South Africa has gained from its refusal to use its strategic resources as counters in international power play. It has established a high reputation, unusual in the developing countries, for repaying its loans, rendering due return on investment and fulfilling contractual obligations. In an increasingly mineral hungry world, South Africa has become a trading partner not lightly to be relinquished.

The South African mining industry has now advanced to the stage where it is perceived internationally as a critical factor in the strategic supply of minerals to the West. It is being recognised increasingly, too, as the main source of the economic resilience which is propelling South Africa forward, economically and socially, while equipping the country with capacity to match the national will to withstand violent and disruptive change.

The country has entered a transitional phase flowing from the acceptance by the Government of economic and political philosophies that promise increasing freedom from past constraints and the progressive dismantling of race discrimination in employment so that all may come to share more fully in the benefits of the free enterprise system. This confers new responsibilities on private enterprise to bring about change in its employment structures while maintaining job security for all: and it places an even heavier responsibility on the State to overhaul and improve the educational system so that it may be geared to the new opportunities that will be created.

The country has been launched on a new growth path. The mining industry welcomes this departure which accords with its strong recommendations to the relevant Government commissions of enquiry. It is indeed of especial significance for the mining industry which has moved decisively away from a position primarily of domestic importance to one of substantial significance in the world supply equation and in the moulding of international attitudes and policies towards Southern Africa.

Fife council to take stakes in small businesses

BY RAY PERMAN, SCOTTISH CORRESPONDENT

FIFE Regional Council yesterday approved a scheme for investing in small businesses as a way of creating jobs.

The council described as unique a proposal to set up its own holding company, Inwork Ltd, which would be empowered to take 51 per cent shareholdings in manufacturing subsidiaries.

The project is intended to take over from the Youth Opportunity Scheme and other temporary employment measures to provide permanent jobs. It will be financed initially with £33,000 from the education budget.

Legally, the council can invest in companies provided the expenditure is in the interests of part of the region and of the public as a whole.

Mr. Robert Gough, chairman, said the region needed to develop entrepreneural skill as a spur to creating new jobs, but technical and financial support for new businesses during their critical first three years was also needed.

Inwork will start with a staff of three and will be helped by the Scottish Development Agency and local companies. Among projects it is considering are the manufacture of aids for the handicapped and a new type of golf tee.

Home engineering orders slacken as exports rise

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

NEW ORDERS for engineering products from the home market indicate a slackening in the upward trend that emerged in the latter half of 1978.

The growth in export orders, which became noticeable at the end of last year, appears to be ten per cent in the volume of maintaining its momentum, however.

Official figures show a drop of new orders taken by the engineering industry from the home market between December and March, compared with the previous four months.

The downward trend continued in February and March, perhaps indicating reluctance by industry to invest immediately after January's industrial disruption.

The trend estimates are for the combined engineering industries, covering the mechanical, electrical and instrument sectors.

By contrast, export orders have shown more buoyancy, with an increase of 11.5 per cent between December and March over the earlier period.

In March, the index for the volume of new export orders stood at 124 (1975 average 100), leading to a lengthening of export orders are on hand than export orders are o nhand than the average for any year since 1974.

CONTRACTS

£1.5m West German order

The aviation subsidiary of M. L. HOLDINGS has an order worth over £1.5m from the West German Government for the modification of M. L. Aviation's weapon carriers to suit the Alpha Jet aircraft.

*

BALFOUR BEATTY CONSTRUCTION, a member of the Balfour Beatty Group of BICC, has been awarded a £310,000 contract by the forge products division of Cameron Iron Works, Livingston. Part of an expansion programme, Balfour Beatty will design and erect a die storage building of about 40,000 sq ft north of the existing plant, and a material bond store of 2,000 sq ft.

*

FAIREY ENGINEERING, a member of the Fairey group, has won a £1.5m contract from British Nuclear Fuels for the supply of stainless steel containers. These will be used for the containment of advanced gas cooled reactor irradiated fuel element skips at BNFL's new Windscale pond storage plant.

*

A contract worth £1m for the complete supply of buildings, machinery and livestock has been signed by the Dublin-based MASSTOCK GROUP of companies for an extension to the first Masstock dairy farm built in Saudi Arabia in 1976. The farm, belonging to Sheikh Abdul Rahman Bin Ammar, is located 80 km. from Riyadh at Durmah. At present the farm has 500 cows, and the extension will increase this by 200 to 700 cows.

*

LINK ELECTRONICS, Andover, has been awarded a contract worth about £600,000 for the new Jordan Television Corporation production centre in Amman. Equipment to be supplied includes four colour cameras.

*

Telescopic handlers are part of a £270,000 purchase of equipment by the USSR for construction work in Moscow. The machines are built by J. C. BAMFORD EXCAVATORS.

*

GEC ELECTRICAL PROJECTS has received a £165,000 order via GEC Australia for replacement thyristor convertors for a hot continuous aluminium mill for ALCOA Australia at the Geelong Works.

هكذا من الأصل

·K NEWS

Price Commission stages last defence

f DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

GOVERNMENT'S plans ɔolish the Price Commis- yesterday met veiled criti- in the commission's latest :erly report.

: report showed a record of notified price rises up he end of April. The ·hly average number of ɩcations rose to 426 from :in the previous quarter.]- the amount notified was ı, against £721m.

ɛ commission pointed out "the trend of notified rises emphasised to us mportance of scrutinising cations and offering con- rs some assurance, as in- nary pressures increase, price increases will not be atic nor exceed what is sary."

ɔ Government wants to on market pressures to prices under control. A ıbolishing the commission giving the Office of Fair ng and the Monopolies ıission greater powers to with price rises in areas :imited competition is y to be published.

· report stressed the value e commission's regional rk of offices, which will ɔe scrapped. These offices been a source of infor- n about particular local g problems which could be unknown to a body only London-based staff." ı..

report also said that it ·een "particularly notice- how often the regional offices have been able to secure the correction of mistakes in the pricing of goods and services, to the benefit of supplier and customer." For example, following enquiries from a regional office, a laundry agreed to reduce a proposed 20 per cent price rise to 15 per cent to reflect more closely the increases in costs. A county council estimated that as a result it would save £6,000 on laundry charges his year.

The report also showed that the frequency of price rises had remained steady at slightly more than one notification a year, compared with between 1.9 and 2.4 in the four years to July, 1977, when the commission was set up.

Inflation brake

The commission said it had always held that the reduction in the frequency of price increases was an important part of "the process of stopping the inflationary psychology that can produce instability and inefficiency, since frequent price changes, even if small, reduce the incentive to reduce costs, make planning impossible and, by producing uncertainty in the minds of consumers, contribute to the wage-price spiral."

Commission staff yesterday criticised the scrapping of the commission. The commission's branch of the Society of Civil and Public Servants said it was "angry at the haste with which the commission has been closed."

The shut-down, expected at the end of next month, will mean redundancies for 340 civil servants and the loss of 520 jobs.

"There is a need for an agency such as the commission, which is capable of examining in a flexible and conscientious manner the complex structure and performance of British industry, and monitoring price increases in an inflationary situation," the society said.

● Strong criticism of the commission came from Mr. Charles Tidbury, chairman of the Whitbread brewing group, which was recently investigated by the commission.

He warned that while the body's abolition was a relief, "experience suggests that mechanisms of Government of one sort or another have a nasty habit of repeating themselves, perhaps in a slightly different guise."

Whitbread claims to have lost £5m profit during the two-month investigation this year. Mr. Tidbury said in the company's annual report: "It should be remembered that Whitbread, along with many other companies, had to submit large quantities of highly confidential information, and we regard it as of paramount importance that such information be either destroyed or returned to us."

* Price Commission report for February 1 to April 30, 1979; HC 123; SO £1.50.

·lectricity ·sers plan ·ew subsidy

ɔhn Lloyd

· FORMS of subsidy to he poor, the old and the ed meet their fuel bills ɔroposed today by the ·icity Consumers Council.

ı discussion paper backed ı National Gas Consumers' il and the Domestic Coal mers' Council, the EEC ses two schemes, both on the principle of group ·ility.

first scheme proposed give a free ration of one ılar fuel to certain ı, and is based on a e used in Ireland.

second provides eligible ı with a benefit based on centage of expenditure, ly coupled with a flat rate ıt. The benefit would go ups "with a special need ırmth," as the elderly and ɔusebound.

·wbacks

council's paper criticises cheme proposed by the ɜmentary Benefits Com- ·n, which is based on a ·-tested benefit.

says it has a number of s drawbacks, "because of omplexity, its cost of ·istration, the invasion of y required by it, the take-up likely and the way ıuld worsen the poverty

ıny electricity consumers ɔelieve that prices are too according to the annual t of the Yorkshire Elec- v Consultative Council, shed yesterday.

says that the prospect of er tariff increase in the ın, following the 8 per rise in April, was "very ·ing."

Key Markets to use new laser check-outs

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

KEY MARKETS, the Fitch Lovell supermarket group, is likely to become the first UK grocery retailer to introduce laser-scanning electronic check-outs.

Key Markets said yesterday that it planned to introduce the IBM laser-scanning system into its new 35,000 sq ft superstore at Spalding, Lincolnshire, in the autumn.

The move comes as a new research report suggests that more than half of all supermarket check-outs will be electronically controlled over the next few years, with at least a quarter of check-outs using the new equipment.

The check-outs, already used in U.S. and European supermarkets, contain a laser beam which reads a special "bar code" printed on grocery products and automatically provides price and product information for both shoppers and store staff.

The system means that check-out operators will not have to key in prices, which often leads to mistakes. Shoppers will receive a till receipt which describes the product and gives its price.

Although this should lead to a faster and more accurate service, the main advantage of the system is said to be the greater control of sales information for management.

Mr. David Caulfield, Key Market's managing director, said yesterday that computer control of merchandise and monitoring the effect of price movements were the main reasons for introducing the system.

Key Markets has 123 stores of which 30 are more than 10,000 sq ft and likely to be best suited to the equipment. Mr. Caulfied said that expansion into other Key Markets stores would take place depending on the success at Spalding.

The Spalding store will have 14 check-outs operating the equipment, which is based on the IBM 370 system.

The other big supermarket multiples are also carrying out trials of electronic checkout equipment, although no firm date for the introduction of laser-scanning checkouts have yet been announced.

The report predicting a boom in new electronic checkouts is published by Post News, a Somerset-based research company, and is called "Electronics in Supermarkets." It suggests there will be 33,000 electronic checkouts, worth about £100m, in use in five years' time.

Top supermarkets increase share

THE increasing dominance of the leading supermarket multiples in the grocery industry has been shown by new figures now circulating in the trade.

Prepared by the AGB research company, these figures show that since 1976 the three leading supermarket operators —Tesco, J. Sainsbury and Asda —have increased their share of the £3.5bn grocery market by almost 10 per cent.

In 1976, these three companies together accounted for *21.8 per cent. of the packaged* grocery market as monitored by AGB while last year their share had risen to 29 per cent. The figures for May show that this concentration has risen to 30.8 per cent.

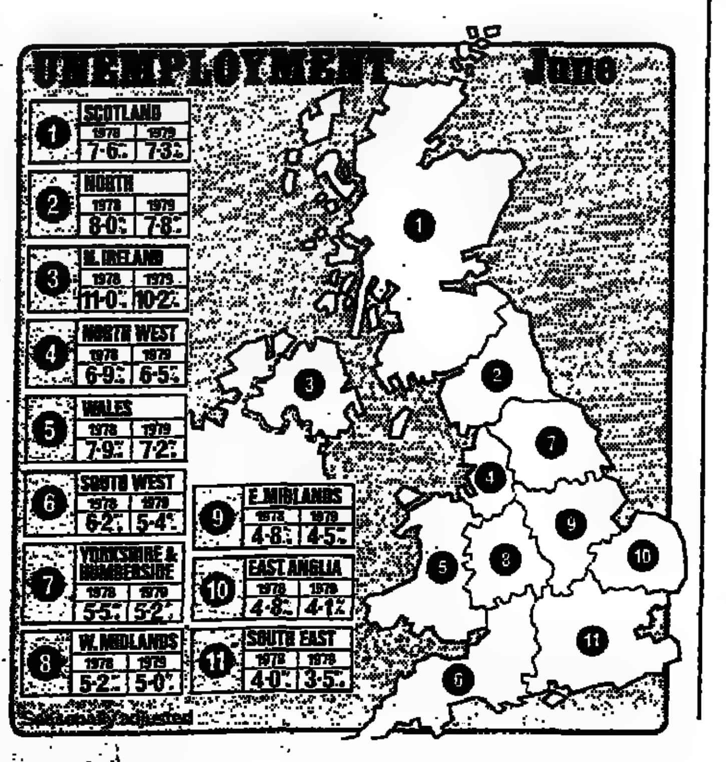
Tesco has the largest share, closely followed by J. Sainsbury and then Asda.

·ecline in adult unemployment ·nasks regional contrasts

·ULT UNEMPLOYMENT been falling for four ·ths running after the tem- ary hiccup at the beginning the year caused by ustrial disputes and poor ·ter weather. Since mid- ·ruary, the UK total has ·pped by 6.1 per cent, on a sonally adjusted basis, but ; has masked a widening of ·ional differences.

The decline in the number of work has been largest areas where economic ·ivity has been most ·eyant, notably in the ·thern half of the country. The total has declined by 7 r cent in the past four ·nths in London and the ·th-east, by 10½ per cent in ·st Anglia, and by 9½ per ·t in the south-west.

In contrast, unemployment ; fallen by only 5¼ per cent the north-west, where the ·rcentage rate is roughly a ·arter higher than the ·tional average, and by just ·er 5¼ per cent in Scotland, ·ere the percentage rate is third above the national ·erage.



PM stresses importance of nuclear power expansion

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE IMPORTANCE of expanding the nuclear power station programme in Britain and the EEC as a long-term solution to the oil crisis was strongly emphasised by the Prime Minister in the Commons yesterday.

But she gave a categorical undertaking that there would be a ful public inquiry before any decision to go ahead in the UK with the controversial fast breeder reactor.

Mrs. Thatcher was reporting back to MPs on the European summit in Strasbourg last week, and was looking ahead to tomorrow's Tokyo economic summit where the oil crisis will be the main topic of discussion.

She told the House that some of the Community countries had already switched some power from oil to coal.

On the safety aspect, Britain had a nuclear Inspectorate, and there was a very high regard for the safety of nuclear equipment.

Mr. Eldon Griffiths (C., Bury St. Edmunds) asked whether there was now a common EEC policy for the production and conservation of energy that could be put forward at Tokyo.

The Prime Minister admitted that she was not in a position to say that there was one policy for Europe — "indeed, we haven't got a single policy."

"We must have more concerted action on agreeing about the future of nuclear energy."

Mr. Anthony Wedgwood Benn, Energy Secretary in the last government, warned against the danger of building an American-type reactor of the kind that overheated at Harrisburg. He pointed out that the French intended to build one of these, but we should not do so unless the matter was fully debated first in the Commons.

Mrs. Thatcher assured him that the Government had not taken a decision on such a reactor. The French, she said, were very much further ahead with the fast breeder reactor than we were.

At the European summit, she went on, it was agreed to reinforce efforts to reduce consumption of oil and achieve the conservation objectives set by the Community. The meeting had also stressed the part to be played by alternative sources of energy, including coal and nuclear.

By showing that the Community was ready to shoulder its own responsibilities, we should be in a good position at the Tokyo summit to call on other countries to make comparable efforts to reduce oil consumption.

Dealing with the other aspects of the Strasbourg meeting, she took an optimistic view on the chances of getting agreement to reduce the high contribution that Britain makes to the Community budget.

The Commission had been asked to formulate the proposals for decisions to be taken at the next meeting of the European Council

Roger Taylor

Mrs. Thatcher leaves No. 10 Downing Street on her way to the House for question time. She then flies to Tokyo for the economic summit.

Prime Minister passes own exam

BY PHILIP RAWSTORNE

ALL examination results should be published, Mrs. Margaret Thatcher told the Commons yesterday.

It must be recorded, then, that the Prime Minister comfortably passed her own wide-ranging political examination.

Quizzed on more than a dozen detailed policy issues, she displayed such a remarkable grasp of her Government that she might well have earned the political mastermind title.

Not even eight questions from Mr. James Callaghan stumped her — though the Labour leader was not particularly happy about some of her answers.

Mrs. Thatcher dealt equally briskly with another 28 assorted posers from the backbenches.

Energy policy was the Prime Minister's specialist subject yesterday.

Mr. Dennis Thatcher, a former Burmah Oil executive, could scarcely have rivalled her knowledge of the operations of the Rotterdam spot market.

Having explained it all once for the economists, Mrs. Thatcher set it out simply again for Mr. Dennis Skinner (Lab. Bolsover), confirming his fears that it was private enterprise at work.

But the Prime Minister's energy did not stop there. She had a word about current coal production; and showed she was familiar with fast breeder reactors.

Mrs. Thatcher reaffirmed that BP shares would be sold but reassured Mr. Tony Benn about the depletion of North Sea oil stocks.

She did not pass a single point—and took time to lecture the United States and Japan on conservation and economies.

Which brought the Commons to the European budget and a free-for-all.

'Watchdog' select committees approved by large majority

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS to set up a new system of "watchdog" select committees to scrutinise the activities of individual government departments were approved by an overwhelming majority in the Commons early yesterday.

By a majority of 236 MPs gave the go-ahead for the establishment of 12 committees to replace the present system where each committee deals with a particular subject.

The hope is that the new method will enable MPs to keep a much closer watch on the Executive and on Whitehall, and to have greater control over Government expenditure.

The final vote came after a long series of amendments in which MPs unsuccessfully attempted to alter the Government's proposals which were based on the recommendations of the Commons Procedure Committee.

But an amendment seeking to give them the power to order the attendance of Ministers was lost by 100 votes to 158.

Some MPs were also worried about the disappearance of prominent committees, including the nationalised industries committee, which had been operating successfully for many years.

Nevertheless, a proposal for the retention of the nationalised industries committee was thrown out by a majority of 133 (193-60).

Another group of amendments proposing the retention of the select committee for science and technology was defeated by 144 (201-57). This subject will now come under the education committee.

A plan to allow the Home Office Select Committee to scrutinise the Law Officer's departments was rejected by 99 votes (186-87). In the changes now accepted, these departments and the Lord Chancellor's Office will be exempt from examination by the committees.

The disappearance of the committee on immigration and race relations also upset some members. An amendment trying to retain it was lost by 95 (177-82).

There was strong pressure to ensure that MPs had full access to Government information but an amendment to set up an official information committee was lost by 100 (172-72).

MPs still oppose pay plan

By Elinor Goodman, Lobby Staff

MR. EDWARD DU CANN, leader of the Conservative Party's 1922 Committee of Backbenchers, will report back to his Executive tomorrow on a series of confidential meetings he has had over the last few days in an attempt to persuade the Government to change its mind and implement the Boyle Committee's recommendations on MPs' pay.

Late on Monday, Mr. du Cann warned the Prime Minister that she would be going directly against the wishes of her own backbenchers if the Government pressed ahead with its plans to introduce the recommended increase over three stages.

Since returning from Strasbourg on Friday, Mrs. Thatcher has been informed from a number of quarters of the strong opposition to the Government's proposals, and Ministers are understood to have discussed the question yesterday. No further decision, however, is likely to be taken until Mrs. Thatcher returns from Tokyo.

Thatcher defends Walker efforts

BY IVOR OWEN

BRITAIN'S decision to withdraw support for the EEC Commission's proposal for a general freeze on farm prices was not part of a wider deal on the community budget, the Prime Minister assured the Commons yesterday.

She vigorously defended Mr. Peter Walker, Minister of Agriculture, and insisted that he had acquitted himself well in his first major EEC negotiation in Luxembourg last week.

This claim was brushed aside by Labour MPs who cheered Mr. James Callaghan, Opposition leader. He recalled that before going to Luxembourg, Mr. Walker told the Commons that he was in "total agreement" with the proposal made by the EEC Commission for a general freeze.

Probing the reasons for the Minister's decision to abandon "an impregnable position," he asked if the Prime Minister had advised him to do so because of some understanding at the EEC summit in Strasbourg about reducing Britain's contribution to the Community budget.

Or was it that Mr. Walker had just not been tough enough to hold to his original position?

Mrs. Thatcher replied that there had been no linkage whatever between the negotiations in the Council of Agricultural Ministers in Luxembourg and the negotiations between EEC heads of government in Strasbourg.

Amid Tory cheers, she told Mr. Callaghan: "I think you underestimate the excellence of the package which Mr. Walker gained."

For the first time since Britain joined the Community, there was to be a freeze on milk prices. She emphasised amid roars of approval from government supporters, that no Labour minister had managed to secure this.

Then there was the "excellent" butter subsidy designed to produce a cut of 6p a pound

"The net effect of Mr. Walker's efforts in Luxembourg last week," Mrs. Thatcher said, "is that we are now £30m better off than we would otherwise have been for the simple reason that we get back more of the butter subsidy than we pay by way of increased prices."

Farmers were certainly very pleased with Mr. Walker's efforts because without them they would have been left to pay a co-responsibility levy on milk.

Liberals resist inquiry

By Richard Evans, Lobby Editor

LIBERAL LEADERS are resisting demands from Mr. Jack Hayward, the party's millionaire benefactor, for a full investigation into its financial accounts.

A statement issued yesterday by Mr. Michael Steed, Liberal president, following consultations with Mr. David Steel and other party leaders, reiterated that the donations of £20,000 to Mr. Jeremy Thorpe from Mr. Hayward, which featured prominently in the prosecution case against the former Liberal leader, never reached the party.

Since 1976, the statement stressed, the party treasurer had full access to all the party's central accounts and it was agreed that no other account should exist.

"At no stage in our inquiries has any question been raised which necessitated our investigating accounts which were under the treasurer's authority."

New cash limits announced

By David Freud

REVISED cash limits for public spending were announced yesterday in Parliament, in line with previously announced Government policy.

The limits, announced in a Parliamentary Written Answer by Mr. John Biffen, Chief Secretary to the Treasury, update those published in January in the previous Government's White Paper, "Cash Limits 1979-80."

The revisions take into account the specific cuts in public spending announced in the Budget and the general policy on cash limits and pay announced by the Chancellor in May.

Government warns of shipbuilding cuts

BY IVOR OWEN

A STERN warning that Britain's troubled shipbuilding industry faces a big cutback was given by the Prime Minister in the Commons yesterday.

In the most forthright assessment which has so far come from the Government on the industry's prospects, she stated: "There is surplus capacity in this country as well as in others and reducing that capacity will indeed be a very painful process."

Mrs. Thatcher stressed that there could be no escape from the situation, and told Labour MPs from shipbuilding areas: "Nationalisation does not prevent a reduction in jobs."

A realistic approach was needed, placing the emphasis on trying to get "new tomorrow's jobs," with everything possible being done to encourage the development of new industries, new small businesses and the expansion of existing industries.

There were protests from the Government benches when Mr. Frank Allaun, Labour Party chairman and MP for Salford East, contended that if the Government increased the cost of living by raising VAT to 15 per cent. and caused unemployment by cuts in public expenditure, both industrial and political issues were involved.

In these circumstances, he said, the trade unions were entitled to reply with all their force, and "we on this side of the House should back them."

Tory MPs rallied to the support of the Prime Minister when she reminded Mr. Allaun that at the general election many trade unionists had indicated their support for Conservative policies which would get morem oney back into the private sector where new jobs were created.

She nodded in approval when Mr. Peter Viggers (C. Gosport) estimated that about half a million trade unionists must have voted Conservative, and suggested that this should make union leaders think twice before using their union positions for political ends.

Mrs. Thatcher clashed with Mr. Callaghan when she refused to depart from the Government's declared intention of disposing of a further part of the Government shareholding in BP.

The Labour leader called for the abandonment of this policy in view of the critical nature of the oil supply situation.

The Prime Minister retorted: "I understand that your Government also sold BP shares."

When Mr. Callaghan pointed out that the Labour administration had been careful to preserve a controlling interest for the Government, Mrs. Thatcher stated that it was not the ownership of a company which counted so much as the laws which controlled it.

Callaghan's authority to be tested

BY ELINOR GOODMAN, LOBBY STAFF

INDUSTRIAL PROBLEMS at Transport House permitting, today's meeting of the Labour Party's National Executive Committee could mark a major advance in the Left's long, drawn-out slogging match with the Parliamentary leadership to change the balance of power within the party.

As such, it could provide Mr. Callaghan with an uncomfortable reminder of the kind of challenge to his authority which he is likely to face at this year's party conference.

On the agenda for discussion today are a number of the Left's most cherished goals. These have finally surfaced from the labyrinth of committees and sub-committees which service the main executive and provide it with a constant supply of ammunition with which to remind the leadership of its obligations to the rank and file.

Exactly which proposals are discussed would depend on which papers were produced by the research staff before they started taking action over their pay claim.

But if everything goes according to plan, the 29-member committee will rule on whether the annual conference should be allowed to vote again on the vexed question of the automatic re-selection of sitting MPs, and —even more sensitive—the question of whether the leader of the party should continue to be elected by the parliamentary party alone, or whether the franchise should be extended to include other parts of the Labour movement.

Left-wingers on the executive may try to raise two other questions which are hardly likely to get a warm reception from Mr. Callaghan.

Mr. Anthony Wedgwood Benn is trying to get his committee's proposals for a complete change in the rules covering drafting of the party manifesto discussed, and there is also a move to get a debate on the suggestion that Transport House should control the sums provided to Labour in Opposition.

Insofar as all these proposals are aimed at limiting the authority of the parliamentary party and making it more responsible to the rank and file, they would all seem to fit logically into the same discussion.

But it is not a logic which Mr. Callaghan, or other moderates in the parliamentary party, are likely to accept.

To them, it represents part of a wider challenge by the Left which, if successful today, could provide a momentum for change which might be difficult to stop at the party's conference.

The only trouble is that while Mr. Callaghan was able to head off such challenges with relative ease while Labour was in Government, the Executive wields more influence over the party in Opposition—as the source of essential support services.

It is also more difficult for the front bench to take refuge behind the cloak of pragmatism in Opposition than in Government.

Relations between the parliamentary leadership and the Executive have rarely been free of friction, but just because Mr. Callaghan has not had to rely so much on Transport House over the last five years, the question of how to improve this relationship has tended to get brushed under the carpet.

Now Mr. Callaghan's team is being reminded almost daily of just how wide the gap is between their own views and those of the Executive.

The Labour Party's national executive will rule today on whether the annual conference can vote on election of the party leader by the PLP alone

The Executive sees itself as the conscience of the movement. It is elected each year by conference, and is charged with the job of ensuring that the decisions of conference are not ignored for the rest of the year.

The problem from the moderates' viewpoint is that the conference represents the views of committed Labour activists rather than ordinary Labour voters. And because of the way in which Executive members are elected, the balance of opinion on the Executive tends to be several degrees to the left of the parliamentary party.

By far the most votes at conference are wielded by the unions, who have 12 seats of their own on the NEC, together with a big say in who fills the five places in the women's section, and it is the Left which dominates both of these groups.

Another half-dozen members —all Left-wingers—are elected by the constituency associations, while associated organisations elect another two places. The Parliamentary Labour Party has only two direct representatives —Mr. Callaghan and *Mr. Michael* Foot, his deputy.

The Left has made a virtually clean sweep of the constituency section, while it has held on to most of the seats in the women's group, in spite of efforts by the Right to get their candidates elected.

Moderates have been arguing for years that the balance of opinion on the Executives must be changed so that it more accurately reflects the views of the Labour movement.

As things are organised now, the unions hold the key to any change in the NEC's membership. Right-wingers talk optimistically about the change in the union leadership making it easier for them to get their candidates returned. But attempts to date have often been foiled by inter-union rivalry.

Moreover, some moderates find it difficult to reconcile their belief that the unions currently wield too much power with the short-term goal of trying to persuade individual unions to back their candidates.

This year, the Right will again be hoping to unseat two Left-wingers in the women's section. But in the past, with the moderates preoccupied by the problems of government, it has been the Left which has come out on top in the plots and counter-plots surrounding each annual conference.

Now, however, Mr. Callaghan may come under pressure from his own supporters in the party to tackle this problem before stepping down as party leader.

Rail union rejects talks with Tories

BY PHILIP BASSETT, LABOUR STAFF

ITAIN'S largest railway on made it clear yesterday t it would refuse to take t in discussions on economic social policy with the ernment.

1 sharp contrast to the low- approach to the Govern- it's economic policy now ig adopted by the majority trade union leaders in the :. Mr. Sid Weighell, general retary of the National Union Railwaymen, said he did not nd even to talk to the ernment.

r. Weighell, one of Labour's inchest and most hard- king trade union supporters the election campaign, told annual conference of the 000-strong union at Paign- Devon, that the Conser- ves and the unions did not 1 talk the same language.

e said: "I have no faith in ability of a Conservative ernment to work with us iny shape or form."

he power of some sections organised workers was now strong, though, that it was cult to govern the country iout reaching some sort of erstanding with the trade on movement.

e did not think that the unions' power and ability to cause disruption was a bad thing. "It is right that we should have influence in the nation's affairs."

He attacked the misuse of trade union power last winter, though, and placed the blame for Labour's losing the election squarely on the industrial trouble in the earlier months of this year.

"Do we have to judge the strength of a worker's cause by the number of dead he leaves unburied, or the number of hospitals closed or the number of commuters stranded?"

The TUC view that there should be a return to free collective bargaining, qualified only by the word "responsible," had led to different unions claiming that "responsible" bargaining meant 20 or 30 per cent settlements for some with the low-paid suffering in consequence.

The image presented to the electorate as a result was of a "bagful of cats" scrambling to get higher increases than each other.

Unions should reject the outdated philosophy of free collective bargaining, with the strong going to the top and the weak going to the wall.

Delegates voted by 48 to 29 for his argument that the political and industrial wings of the Labour movement should now work together for the eventual return of a Labour Government.

Mr. Weighell warned, though, that the country was in for a "rough winter" again this year. Trade unions would be compelled to defend their living standards.

Labour's policies of bringing down inflation and giving some tax concessions had meant that the 1978 railway pay settlement of about 11 per cent had held its value.

The value of this year's agreement, though, which gave increases of 12-13 per cent, would be "evaporated long before the end of the year."

The union is likely to approve tomorrow a claim for rises of more than 30 per cent.

The union is pressing for a meeting with Mr. David Howell, Energy Secretary, to argue that priority of oil supplies ought to be given to British Rail and other forms of public transport.

Mr. Weighell has rejected a meeting with Mr. Hamich Gray, Energy Minister, because of the union's view of the seriousness of the energy shortage.

New offer to Ebbw Vale tinplate staff

BY ROBIN REEVES

THE BRITISH Steel Corporation has increased its severance pay offer to trade unions at Ebbw Vale in a bid for early agreement on further staff reductions.

An initial offer of 18.3 weeks' money on top of normal redundancy payments has now been increased to 22 weeks by the addition of three weeks' holiday pay, providing unions accept the phasing out of a further 500 jobs at the works between now and the end of March.

Revised

The cost of the revised offer, aimed at reducing manning at the corporation's Ebbw Vale tinplate complex to internationally competitive levels, is over £1m. For the average worker it will mean a redundancy payment of some £2,500.

Management and union representatives are due to meet later this week in a bid for final agreement on the terms. Unless a deal is *clinched shortly, the offer* could be scaled down.

Some 160 other jobs are due to disappear by the end of March under last year's major negotiation to end steelmaking at Ebbw Vale with the loss of some 2,000 jobs. This, with the planned 500 further redundancies, will bring the workforce down to 3,840.

In 1975, the works was employing nearly 9,000.

WIMBLEDON

BY JOHN BARRETT

No. 12 seed Sue Barker toppled

LADIES DAY at Wimbledon yesterday produced more drama than it has done for years as the defending champion Martina Navratilova, watched by her mother who had made a secret journey from her home in Czechoslovakia, struggled on Centre Court to beat the young South African Tanya Harford 4—6 6—2 6—1.

The All-England Club had sent a personal telegram to the Czech Prime Minister Lubomir Strougal, who, according to Martina, "is a tennis fan and likes me" and Mrs. Navratilova was granted a two-week visa to watch her daughter compete at Wimbledon.

Martina told the Press afterwards that she found it both a distraction and an inspiration to have her mother in the audience. "I was just in a daze" she said, "I wasn't ready for the Centre Court but once I got going I was all right."

Her mother's presence was a well-kept secret. She arrived on Monday evening and was met by Miss Navratilova at London airport. "Last year when I won Wimbledon was the greatest moment of my career but that was the greatest moment of my life," said the girl who had not seen her mother since she defected to the United States in August 1975.

Miss Navratilova clearly found difficulty concentrating on the job, and was broken to love in her opening service game. Another break against the champion left Miss Harford, who had to qualify for Wimbledon even though she was a semi-finalist in the recent tournament at Chichester where she beat Virginia Wade and Pam Shriver, serving for the set at 5—2.

The champion saved one set point with a fine forehand down the line and a second when the South African girl put a backhand out under pressure. When she again had the chance for the first set at 5—4 Miss Harford missed a third set point before finally clinching it after 32 minutes.

The second set went with serve for four games as Miss Navratilova buckled down to her task against an opponent who was volleying courageously and was not afraid to drop-shot.

From that moment however the fire and accuracy went out of Miss Harford's game as the women's champion applied that familiar powerful pressure. She swept through the next four games for the loss of only five points to clinch the second set in only 21 minutes. "It was just a matter of breaking her serve for the first time," said Miss Navratilova. "After that I knew I would be OK."

Twice more Miss Harford's service was broken in the third set and she rapidly found herself 5—0 down. When she finally managed to hold serve for the first time in five attempts the blonde South African clenched her fist in triumph, but the end was not long delayed and a brave appearance on Centre Court terminated in defeat after one hour 14 minutes.

There was a dire shock for Britain on No. 2 court where Sue Barker, the No. 12 seed and second-ranked home player, went out to the 18-year-old Argentine Ivanna Madruga 6-3 4-6 8-6 in a match littered with errors. There were 16 breaks of service in the 33 games and Miss Barker perpetrated 13 double-faults as she struggled to control her wayward form.

Miss Barker began promisingly, by capturing her opponent's serve to love, but she promptly lost her own delivery.

Though her renowned forehand won her many points the other departments of her game were not functioning at all well. Her volleying was frequently little short of embarrassing and time, and again her attempts to test her opponent's reactions and speed of foot with drop shots were dismal failures.

After conceding the first set the Devon girl managed to pull her game together enough to capture the second set and move into a 3-1 lead in the decider.

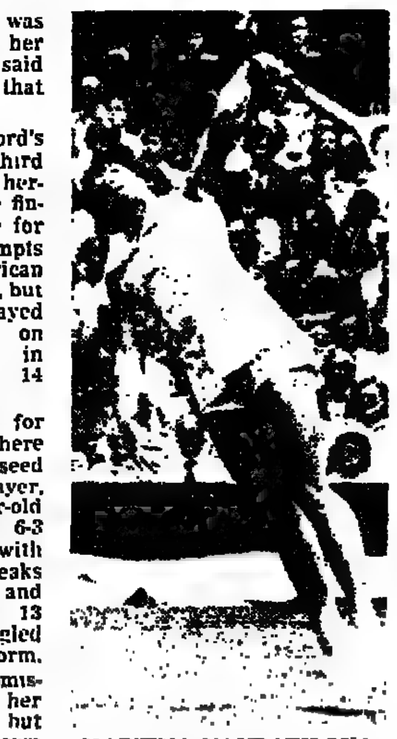
Then the mistakes began to creep in again, and the Argentine girl was wisely content to let Miss Barker defeat herself. *She soon found herself 5-3 down* and though she battled back bravely to lead 6-5 she collapsed again just as abruptly, and lost the match on an easy volley which she projected wildly out of court.

Miss Madruga, who took sets off Chriss Evert-Lloyd in the Italian and French championships recently and who models her top-spin game on that of her famous compatriot Guillermo Vilas said it was the best win of her career.

"Before the match I was nervous, not because I had to play Sue Barker but because I had to play on grass." She has given herself the target of getting in the top ten of women's tennis within the next two years or giving up the international game.

There were easy victories for the second and third women's seeds Chris Evert-Lloyd and Evonne Cawley. Mrs. Lloyd defeated fellow American Marita Redondo 6-4 6-2, and Mrs. Cawley dismissed the challenge of Marcie Louie, also of the U.S., 6-0 6-3.

Glynis Coles, the fifth ranked British player, pulled off a fine victory by defeating the South African Marise Kruger 5-7 6-4 7-5 and Anne Hobbs, ranked fourth in Britain, defeated Lesley Charles of Worcester 6-2 7-5.



MARTINA NAVRATILOVA opened her women's singles title defence watched by her mother, who flew in secretly from Prague

Churches Fund helps to save 136 buildings

FIFTEEN CHURCHES came to the Redundant Churches Fund for care and preservation during 1978 bringing the number of churches or parts of churches held by the fund to 136 by the end of last year. Three more have been vested since then, says the fund's 10th annual report and accounts.

During the year, the fund received £418,500 from Church and State and spent £356,331 on repairs and maintenance of churches. The maximum sum of £2.9m—about £580,000 per annum—to be provided equally by Church and State will be available to the fund over the five years from April 1, 1979

Pym in France for brief talks

MR. FRANCIS PYM, Defence Secretary, makes a flying visit to Paris today for talks with M. Yvon Bourges, French Minister of Defence. It is the first meeting between the two, who will discuss "matter of mutual interest."

GLC stocks up with winter salt

THE GREATER London Council is to increase its emergency stockpile of salt for the city's roads by 15,000 tons. A rise in salt prices means the new stock of 40,000 tons will cost an extra £640,000. Last winter the council's stock was almost exhausted.

NALGO opposes 9% pay offer

Our Labour Staff

PAY rise of nine per cent red by local authority iloyers to 500,000 white ar staff is almost certain to rejected by union otiators.

r. Mick Blick, chairman of National and Local Govern- it Officers' Association otiators, said yesterday that ss the offer was improved stantially there was bound to confrontation.

This union cannot agree to ttlement that does not even pensate its members of the eases in the cost of living e last year," he said.

he union's claim is for a 15 cent rise. The nine per t offer was made informally a joint working party on iday and will be made nally on July 6.

he 9 per cent increase on pay bill as at April 1 udes the cost of the social kers' settlement and the con- dation of a Stage One plement payment of £312 a r.

he employers' side rejected laim for service improve- nts but agreed to a compara- ty study similar to that being ried out for other council kers.

NALGO has urged its mbers to complain about the r to individual local authori- . A recent delegate confer- e instructed the union to w up plans for industrial on if there were difficulties pay negotiations.

Union doubts on Belvoir coal plan

E GOVERNMENT may be nning to withdraw support the National Coal Board n to sink three new deep nes in the Vale of Belvoir in icestershire, claimed a col- ry officials' union leader yes- day.

Mr. Kenneth Sampey, presi- nt of the Yorkshire area of e National Association of Col- ry Overmen Deputies and otirers, told his union's nual conference at Llandudno at he had been told by "a ont-bench Labour man" that e new Government could de- de to kill the £500m project.

Mr. Arthur Simpson NACODS neral secretary, said no vernment could give a cate- orical assurance on Vale of elvoir plans with a public in- iiry imminent.

Mrs. Thatcher's Government ad given a categoric assurance support for the Plan for oal, which set out industry ojectives less than a week ago.

Peugeot plans alarm Chrysler unions

BY NICK GARNETT, LABOUR STAFF

PLANS BY Peugeot to open five component plants in France have deepened suspicions among British trade union officials about the company's intentions toward its Chrysler UK factories.

An emergency motion calling on the executive council of the Federation of Shipbuilding and Engineering Unions to seek a meeting with senior Peugeot-Citroen management and with British Ministers to discuss the issue will be put to the confederation's annual conference today.

Officials of CFDT, the French trade union federation, told British union officials early this month that Peugeot intended opening gearbox, engine, die-casting and other mechanical parts plants in five places.

French union officials also told their British counterparts at the meeting, held under the auspices of the International Metalworkers' Federation, of a Peugeot agreement with the East German Government to build a transmission plant at Zwickan-Mosel.

The motion, from the Metal Mechanics' Society, supported by the Association of Scientific, Technical and Managerial Staffs, says Peugeot did not consult British trade unions nor, probably, the Government in devising these arrangements.

It says they confirm the fear of British workers that there may be a run down of Chrysler UK especially in engine and gearbox production.

Union officials said yesterday that they appreciated the French Government's need to protect employment through cash assistance to Peugeot in high-unemployment areas.

The prospect, however, was standardisation of components throughout Peugeot-Chrysler, with manufacturing concentrated in France to the detriment of British manufacturing and employment.

Civil servants break off pay dispute negotiations

BY GARETH GRIFFITHS, LABOUR STAFF

THE Institution of Professional Civil Servants has broken off informal talks with the Civil Service Department over its pay dispute and asked for a meeting with Mr. Paul Channon, Minister of State.

Mr. Bill McCall, general secretary, yesterday attacked the Department's handling of the dispute. He said the "without prejudice" discussions had the "appearance of an exercise in trickery."

Reports of the discussions since June 15 from the Department were "designed to mislead the public, Press and union members."

Mr. McCall now wants a meeting with Mr. Channon to discuss the grounds for a settlement. The union wants such a settlement to take account of each grade's circumstances.

On scientists' pay, the institution has told Mr. Channon that it was prepared to agree that the 1979 pay review would have no effect on other claims, and to confirm the acceptance by both sides of the Pay Research Unit Board's recommendations for 1980.

Mr. McCall said the institution was not prepared to go to arbitration. He accused the Department's officials of having "double standards" and said they ignored the 1974 arbitration tribunal award.

There are plans to step up industrial action next week, concentrating on the Ministry of Defence. Maintenance work on the Polaris base at Faslane will be hit, and Mr. Bill Wright, the institute's assistant general secretary, said generally action would be carried out on a "guerrilla" basis.

Continuing action by civil servants has hit the production of bullet and shell cases and explosives at Royal Ordnance factories at Bishopton, Chorley and at Radway Green. The *refitting of nuclear submarines* at Devonport and Rosyth has also been affected.

Consultancy in merger

FINANCE for Industry has merged its management consultancy subsidiary, ICFC-NUMAS with ICFC Training to form a new company, ICFC Training and Management Consultants.

ICFC-NUMAS undertakes management consultancy assignments in private sector business, and provides help for the smaller company. ICFC Training operates apprentice and group training schemes particularly for small engineering companies.

Steel erectors' risk myth 'harms safety standards'

BY ALAN PIKE, LABOUR CORRESPONDENT

THE POPULAR mythology of the steel erector as a man who disregards the risks of his job has been detrimental to safety standards, the Health and Safety Executive said in a report published yesterday.

A view that steel erectors should be able to look after themselves in dangerous situations had so pervaded the attitude of workers and management that it had radically affected the way trade practice had developed.

"In contrast, we draw attention to a cardinal principle of safety—that reliance should not be placed on the skill of a worker to protect himself from injury, but that all practical steps should be taken to remove or prevent the risk."

The report describes the death and injury rate for steel erection workers as a "particularly serious problem." Accidents exceeded by many times the already high level for the construction industry—on average one in every 800 steel erectors is killed each year as a result of falls.

In addition to fatalities, there is a high level of other accidents. "Steel erectors are required to perform many tasks in unnecessarily dangerous situations and, by accepting such risks, may reduce the motivation of an employer to provide tangible safety precautions."

The report expresses "some disquiet" about incentive and bonus schemes for steel erectors. It says that by emphasising increased output, short cuts might be introduced at the cost of safety. "So long as bonus schemes continue, proper provision must be made in them for the full performance of safe working procedures."

A high standard of site supervision by qualified engineers and safety officers is called for. The report also draws attention to the difficulties created by legal interpretations of what constitutes a safe system of work. "Too often this is equated to current trade practice, which may fall well below a desirable standard."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PLASTICS

Posts made from waste

WHAT TO do with empty margarine tubs, disposable cups, plastic film, etc., has been taxing the ingenuity of women's page writers, ecologists, and plastics machinery builders.

From the Netherlands comes a recycling process where any old plastic, clean or dirty, can be mixed with a small proportion of waste paper, chopped into small shreds, fed into an extruder, and emerge as a round or square post of any diameter—or length up to 400 cm—for use as fencing, shore reinforcement, frontage panelling, etc.

Down on the farm, the posts can be used for fencing (no insulators are required for electrified barriers since the posts themselves act as insulators), and they do not rot, have no knots or splinters, are resistant to acids, salts, strong winds, water and frost. They are impervious to attack by pileworm or insects, too, and are said to have a virtually unlimited life span.

Posts presently available are dark to black in colour, weigh between 700 and 800 kg a cubic metre and, like wood, can be nailed, drilled, sawn and planed.

Patent application has been filed for the process informs Lankhorst Touwfabrieken B.V., Postbus 203, 8600 AE Sneek (Netherlands).

Strong and heat-proof

POLYPENCO has been appointed sole distributor of the Amoco range of Torlon resins in the United Kingdom.

They include injection moulding and extrusion grades of Torlon which is a poly (amide-imide) exhibiting such exceptional physical and chemical properties that it has been dubbed the "good-as-steel plastic."

It can withstand temperatures up to 260deg.C. and in fact is as strong at 260deg.C. as nylons are at room temperature.

Materials in the family are not only exceptionally strong and stiff; some types are also self-lubricating and wear-resistant. The wear grades will take unusually high bearing loads of up to 40,000 psi/ft.min.

Chemically, Torlon is resistant to attack by aromatic and aliphatic hydrocarbons, chlorinated and fluorinated hydrocarbons, and most inorganic salt and acid solutions.

Polypenco says that Torlon is not easy to process and is an expensive material. But for really arduous applications it is worth evaluating.

Polypenco, POB 56, Welwyn Garden City, Herts. Welwyn Garden City 21221.

Stops waste of materials

A COMBINATION of vacuum technique and accurate measurement of the plastics "shot" in moulding equipment at Stadium is cutting down on expensive waste of thermosetting moulding materials.

The company is continuing to use the runner and sprue method in producing for example, components for the electronic and electrical industries but is now ensuring that fewer short mouldings are produced by means of a system which extracts gases and moisture, resulting in an immediate and total fill of the mould.

In addition a pressure transducer is used to immediately detect when the mould is full, cutting off the movement of the auger screw.

Stadium is at Queensway, Enfield, Middx. EN3 4SD (01-804 4343).

● RESEARCH

Tiny movements controlled

DEVELOPMENTS in micro-miniaturisation mean that, among other things, it is necessary to have increasingly more refined precision tools available for the processing of materials. Scientific research is also aimed at the processing and control of ever smaller details.

In this respect, for example, it has proved possible to improve the accuracy of lathes and milling machines down to the submicron region. Members of the Philips Research Laboratories in Eindhoven, the Netherlands, have now succeeded in designing a transmission system driven by a stepping motor with which linear displacements of 0.04 micron can be achieved reproducibly.

It is possible to perform small displacements by means of an electric motor equipped with an appropriate transmission mechanism. If a gearbox is used for this, however, deviations may occur because of backlash or looseness of the gears. Furthermore, current designs often require lubrication of the gears, so that this mechanism cannot be used wherever extreme cleanliness must be observed. The same is also true of hydraulic systems.

A. Franken and M. Dona, of Philips Laboratories, have now designed a transmission system equipped with friction wheels and driven by a stepping motor. The amount of friction is adjusted by means of helical springs. This design makes it possible to perform linear displacements of 0.04 micron, step by step, without backlash, and therefore reversibly.

The stepping motor drives a worm gear transmission which gives a hundred-fold reduction of the steps. This is followed in two steps, by a 60-fold reduction by hard steel shafts which, without lubrication, drive hard steel friction wheels. Small irregularities in the worm gear transmissions are thus reduced, so that their effect on the ultimate result becomes negligible. The final rotation is converted into a linear displacement by friction between the rotating shaft and a sliding shaft arranged perpendicularly to it. Leaf springs ensure the desired mobility of the shaft bearings.

The reduction mechanism has been designed for use within the Philips Group.

Powder moulding study

BATTELLE Columbus Laboraties is looking for eight companies willing to invest $15,000 a year for two years in a group study into the production of complex metal powder shapes by injection moulding.

Of interest to companies in the motor vehicle, agricultural, domestic appliance, hardware and machine tool industries, the study should produce fundametal data that will allow the forming of complex powder metallurgy parts that cannot be made by the conventional die-press and sintering methods.

Battelle believes that pressing and sintering has reached "an impasse," believing that the next logical step is injection moulding so as to extend powder metallurgy into new market areas.

Further information from K. E. Meiners, Battelle Columbus Laboratories, 505 King Avenue, Columbus, Ohio, 43201.

● TEXTILES

Shrinks yarns to bulk fabric

IF ONLY because of the pressures of fashion the textile industries of the world are constantly seeking new ideas, new textures and new products. Over recent years a great deal of development has been directed towards heat-treating yarns before either weaving or knitting.

In some instances heat is applied to a completely relaxed yarn that then shrinks and gains appreciably in bulk. This is a treatment of special interest with the so-called acrylic "hibulk" yarns mainly used by knitters. A similar type of treatment is used on other yarns to stabilise them, remove "twist liveliness" and so on. With some yarns a simple treatment at 100 deg. C is sufficient, while with others it may be necessary to process at as much as 140 deg. C.

Various machines have been suggested for the process. Now, a completely new machine has been developed in Italy. Complete versatility in processing, reduced production costs and minimal floorspace are among the claims.

Called the RRS continuous shrinking and bulking machine, it is built by the Italian company Savio SpA (British agent GTM Sales, Oaklands House, Hyde, Cheshire, Telephone 061-366 9167). It incorporates as a major element the winding head normally associated with the same group's automatic winder. Where this differs from other machines is that the front to back measurement of the frames is less than half that in other processes.

Yarn is taken from a large package at the front of the machine and fed into a venturi-type tube through which it is sucked and fed to the rear of the machine. It is then taken automatically and wrapped around four advancing continuous belts which are arranged in a square configuration, but which gradually diminish in the distance between them as they move towards the front of the machine.

● COMMUNICATIONS

Unilever switched on

JUST BROUGHT into action at Unilever House on the Thames Embankment is a £1½m 2,000 extension electronic telephone exchange made by Philips and installed by Pye Business Communications.

The PABX, an EBX 8000, makes use of reed switch elements with stored program control and is the fourth change of exchange at Unilever House since it was built in 1932.

Almost luxurious communications standards will result for the 1,700 users including direct dialling in to the building—each user will have his own Post Office telephone number.

A user leaving his office can key a code which will cause any incoming calls while he is away to be put through to any other extension he designates. Abbreviated dialling for frequently used numbers is available, and if a called internal number is found to be constantly engaged the system can be made to call the user back as soon as the required number is free.

Improved pager

CLAIM MADE by Multitone for an enhanced version of its Access 1800 paging system is that it is now the "most versatile available for on-site and wide area paging."

The system can transceive on one or two radio channels each of which can operate in either two tone or digital calling format with up to 1000 and up to 10,000 pagers respectively.

It is also possible for more than one system user to be accommodated, manual control units being connected to the main terminal unit as required, this unit also accepting the inputs from the telephone exchange and, if required, remote contact closures (from alarm systems, for example). Outputs from the terminal go to the two paging radio transmitters.

Thus a typical application would be in a multi-tenanted office block.

Other facilities added include "absence registration" in which attempts to contact a pager not allocated or absent will result in a distinctive tone in the caller's telephone.

In addition, a call-logging facility has been introduced as an aid to system management. An optional data port offers a standard serial data output listing the time of each call, the pager number and the message digits. If required the source of the call and the alert tone used can also be signalled. This port can be connected to standard computer peripherals such as teletypewriters, visual display units, printers or tape punches.

More from Multitone Electric, 6 Underwood Street, London N1 7JT (01 253 7611).

Olympic job to Storno

STORNO has won a contract valued at approximately £1m to supply a complete radio communications system for the administrative and organisational functions for the 22nd Olympic Games to be held in Moscow during 1980.

Some of the Storno base stations, mobile and portable radios and associated equipment, will be installed and operated at athletic events in the Moscow Spartakiaden this coming summer. Thus the Olympic organising committee will have time to familiarise itself on operational requirements.

Storno headquarters are in Copenhagen and it has manufacturing facilities in Camberley (Surrey), Denmark, Germany and Sweden and sales and service organisations in 30 centres throughout the world.

Storno, Frimley Road, Camberley, Surrey GU16 5ES. Camberley (0276) 29131.

● COMPUTERS

Bid to beat the super-minis

OFFERING sharp competition with the newer super-minis of 32-bit word length is an enhancement to the Hewlett Packard 1000-F series machines which takes the form of a vector instruction set.

The result is that an HP machine thus equipped can perform a matrix inversion with 400 by 400 terms in 690 seconds against 11,000 required by non-vector machines. Its abilities compare with those of many of the larger general purpose computers at a cost possibly ten times less and half that of comparable 32-bit equipment.

Of equal importance to this development is the work the company has been doing to enable organisations who have little software support to set to and design and install an on-line, real-time information capture and handling system themselves. The key to this lies in Datacap/1000 which requires the user to do little or nothing in the way of fresh programming to provide an appropriate system.

Such a network would use an HP 1000 machine with the latest operating system, working to selected terminals from a series of three recently brought out for the data capture market, applicable in factories, warehouses and the like and for use by non-professionals.

When the information derived through one of these systems is required, inter alia, to feed a data base, Image/1000 software can be used to manage updating, validation and retrieval of facts in the base.

The company indicated this week that many more new ideas were in the pipeline to fuel the company's continued steady progress towards the goal of crossing the $1bn threshold in its computer earnings. This cannot be too far away since in the six months to May 1, new orders totalled $1.2bn of which about 45 per cent represented computing systems.

Hewlett Packard, King Street Lane, Winnersh, RG11 5AR. Wokingham 784774.

● MATERIALS

Metal bonds to rubber

FLEXIBLE and robust, a one-coat rubber-to-metal bonding system—Thixon OSN-2—is being offered throughout Europe.

Various metal substrates can be joined to a whole range of elastomers, but it is especially suitable for bonding natural rubber, styrene butadiene rubber and chloroprene rubber products for which two-coat bonding systems have traditionally been used.

This adhesive can also serve as an effective post-vulcanising system and can be used successfully to bond rubbers to certain fibres such as cellulose (rayon) or polyester.

Because it is a one-coat system with wide applications, its use can result in considerable cost savings. Time, labour and material losses are cut.

Compounding Ingredients, Byrom House, Quay Street, Manchester M3 HS. 061-834 8492.

● SECURITY

No need to insert card

LATEST electronic access system from Schlage in the U.S. makes use of employee cards called "command keys" that do not have to be inserted in reader slots but are held within about four inches of a concealed wall sensor the location of which would be known only to authorised users.

Up to 32 of these wall sensors are controlled by a central computer over coaxial lines that can be up to 1,000 ft long. Some 8,000 employees can be accommodated and in addition the system can monitor 32 alarm contact switches.

As soon as the user presents his card its key-code is read by the sensor and sent to the computer. If the holder is authorised to use that particular door the lock will be released and the date, time of access, sensor location and key code will be printed on the central terminal. The sensors can be used to control doors, car park gates and lifts, and can be used for the "clocking in" function as well.

Several advantages are claimed for the system. For example, there is no key pad to be operated near to the door so that users cannot be overlooked, and there is nothing to vandalise. There is also no requirement to insert cards into slots: in fact there is no visible sign of security equipment at all, which is better for employees and unhelpful to intruders.

The system is monitored and commanded from CRT terminals and keyboards. In the "monitor" mode all the data is presented on the screen in an easily understood real-time display that is updated every second. In the "command" mode authorised users can be added or deleted with a few keystrokes.

But the equipment, called System 732, is capable of considerable additional sophistication. For example, a "keycode entry trace" can be demanded so that wherever a particular card is presented, the locations will be listed on the screen.

More from the UK agents, Management and Finance SA, 12 Cadogan Place, London SW1 (01-235 9658).

● PROCESSES

High polish on engine components

POLISHING of gear components for some Rover and Triumph cars has been dramatically speeded up and quality standards improved by a Canning "Harperizer" machine.

This orbital radiusing and surface finishing machine was built and supplied by W. Canning Engineering Ltd. of Birmingham to the Rover Triumph Engine and Transmission plant, Cardiff.

After little over six months' operation of the machine on gear selector spools at Cardiff, Rover Triumph says a standard of uniformity is impossible with hand polishing is the rule, while the machine is at least eight times faster than the old method and far more efficient in terms of manpower.

Other components are under study for the process.

Badge sends a signal

AN IDENTITY badge developed at Sandia Laboratories in the U.S. is able to emit an identifying radio signal when the wearer walks through a portal similar to the kind used at airports to detect metal objects.

Measuring only 2½ x 2¼ x ⅛ in and weighing 1 oz, the badge has no batteries but derives its energy at the time of operation from a 112 kHz field set up by the portal. Circuits in the badge use the energy to create a new signal at 56 kHz which is modulated with a code that identifies the wearer.

The badge-emitted signal can be sent to a computer to perform a number of tasks ranging from simply checking that the particular badge is allowed through the portal or, by calling up a stored image of the badge's owner, allowing a guard to check that the wearer is the authorised holder. It would also be possible to ensure that only the right number of the right category of personnel had entered an area, or in the event of an emergency the system could immediately reveal who is present in danger areas.

More from Box 5800, Albuquerque, New Mexico, 87185, U.S.

● COMPONENTS

Circular saws

TUNGSTEN-CARBIDE-tipped saws, suitable for industrial panel cutting machines, are being marketed in the UK by C. D. Monninger, Overbury Road, London, N15 (01-800 5435), on behalf of the W. German maker, Leitz.

The saws are in a range of diameters from 300mm to 500mm, with a maximum cutting height of 150mm. They are capable of making parting and sizing cuts in chipboard, particle board, and hardboard panels.

One type, 1797, has alternate top-bevel tooth construction, while the 1858 has trapezoidal/square tooth geometry intended for cutting panels with plastic coatings or laminates on both sides.

● SERVICES

On safety underwater

GUIDANCE on protection against shock in relation to the design and use of underwater electrical equipment is provided in report UR14 just published by the Construction Industry Research and Information Association (CIRIA).

Compiled by CIRIA's underwater engineering group, the report has two main parts. The first, for general reading, deals with the physiological requirements for protection and the ways in which it can be achieved, including consideration of the design of protection systems. The second part goes more deeply into the technology and will be of particular use to electrical engineers working in this field.

More from CIRIA Underwater Engineering Group, Publications Dept., 6 Storey's Gate, London SW1 3AU (01-930 7447).

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FINANCIAL TIMES SURVEY

Wednesday June 27 1979

Milton Keynes

Today's visit by the Queen to the new city's Civic Offices and enormous £36m shopping centre marks the coming of age of Milton Keynes. When the shops open for business in August they will provide the focus the community has lacked — and add to the achievements of a far-sighted project in which concern for the quality of life matches the success in attracting industry.

'lanners' ream omes 'ue

Arthur Smith, ilands Correspondent

TON KEYNES, for so long humorous target of cynics sceptics, looks set to have last laugh. The planners' m of creating a city of 000 people amid the green s of Buckinghamshire is on the way to reality.

ontroversy has never been away: some of the housing barrack-like; a herd of rete cows donated as a gift the city's first-artist-sidence grazes in a field Bradville; work has already ted on "the first peace oda to be built outside the East" to accommodate a nese Buddhist sect.

ut today's visit by the Queen open officially the borough ncil's Civic Offices and to what the Development poration claims is one of ope's largest covered shop- areas—puts the royal on a project once regarded nany critics as bordering on *the more fanciful of the new city's ideas*: the £36m scheme to erect a half-mile long building housing more than 1m square feet of shops.

Work started on the scheme five years ago. The site chosen was remote then from the established population centres of Bletchley, in the south of the new city's designated area, and Wolverton in the north. But since then new highways have cut through the countryside, the housing programme has accelerated and thousands of new jobs have been created.

Indeed, in a world where new towns are noted for their tendency to lay claim to the biggest and best, Milton Keynes maintains that, with housing going up at the rate of 2,000 homes a year, its construction programme is one of the largest in Europe—with no problem-fraught high blocks of flats.

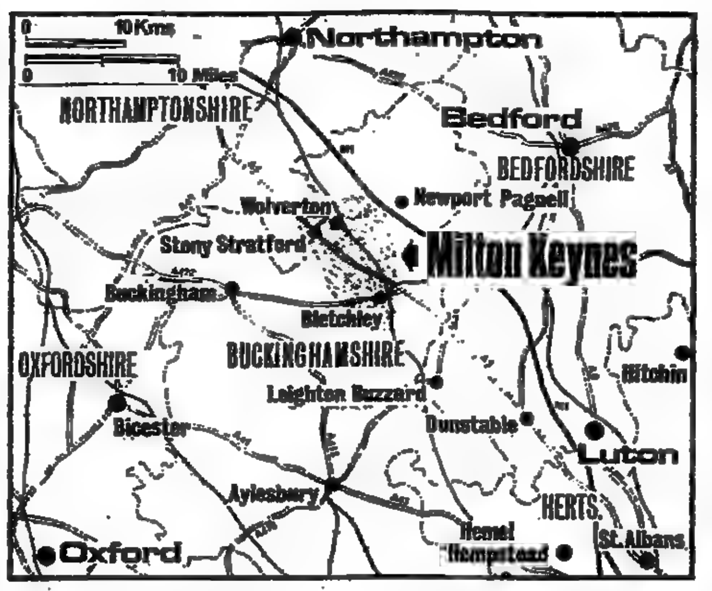
The shopping area, which will provide the final link in a crescent of development from Bletchley to Wolverton, has given important credibility to the new city targets. The Post Office Superannuation Fund allocated £24m to the project back in 1974, but until perhaps 18 months ago there was a distinct unease among retailers about giving full commitment.

Now the development corporation can claim total support from the private sector, pointing out that only Marks and Spencer, for which a unit of 70,000 sq ft has been reserved, has still to make a final decision.

More than 100 of the 130 shop units will be operational *when the centre opens for business* on August 9. Among those represented will be the John Lewis Partnership, C and A, Boots, British Home Stores, Woolworths, Halfords, W. H. Smith and Waitrose.

But the confidence of the development corporation is based upon more than the shopping centre. Crest Hotels, part of the Bass group, has announced plans for the 132-bedroom first phase of an hotel, complete with conference and leisure facilities. Advanced factory units are being let faster than they can be built and groundwork for a new railway station — only the second provided by British Rail in recent times—is under way, to give a faster and more direct service to London and the Midlands.

Milton Keynes over the past 12 months has gained a momentum of its own, but it was not always so. The commercial success of the enterprise owes a great deal to the drive and political influence of Lord Campbell of Eskan, the development corporation's chairman. A member of the Irish and Scottish aristocracy, educated at Eton and Oxford, and a successful businessman, he retains his commitment to the Labour Party and Socialism.



Challenge

In his days as chairman of Booker McConnell Lord Campbell not only championed the doctrine of "social responsibility" but also initiated programmes for the rehousing and settlement of workers in the company's sugar estates in British Guyana.

Just as he was retiring from his executive position in 1966 the Labour Government was looking for someone to head the Milton Keynes project. "It seemed to offer the right challenge of administrative, social, economic and political problems that I was seeking," he says.

Milton Keynes had been designated for expansion as a "counter-magnet" to help London contend with the rapid increase in population and jobs forecast for the south-east region in the early 1960s. Its purpose was to help relocate Londoners living in bad housing conditions and Lord Campbell declares that in this role the new city has been a success.

But with hindsight he is prepared to concede the argument that had the planners been able to foresee the economic conditions that actually applied by the time the new city machinery was set up, Milton Keynes might never have started. By the late 1960s it was clear that the jobs promised under Sir Harold Wilson's "white-hot technological revolution" would not be forthcoming. Population forecasts were also being revised downwards.

However, Lord Campbell is passionate in his belief that, once started, the new city should not be halted. "Milton Keynes is playing an enormous role. In the short term we are building houses faster than anywhere else in Britain for people still in inadequate conditions. We are providing the jobs to match.

"In the longer term, the city's commercial success will be judged on whether it repays all Government loans and becomes a development goldmine."

Such commitment has carried the new city through the difficult periods which have followed changes of Government and economic climate. The Conservative Administration returned under Mr. Heath in June, 1970, was expected to examine the future of Milton Keynes critically alongside other prestige projects such as Concorde.

MK, to adopt the vogue terminology of the planners, emerged from that review unscathed and there is a similar confidence that the programme will be unchanged by the Thatcher Administration. Lord Campbell declares that "it would be folly at this stage not to allow Milton Keynes to continue developing under its own momentum."

The arrival of a Conservative Government committed to the role of the market and a cut in State involvement raises a whole series of questions for the new towns but should, if anything, strengthen the position of Milton Keynes. Population within the designated area has more than doubled in the past 10 years to about 86,000 so that the city has now passed the important turning point where private capital can be attracted. The shopping centre and hotel are sufficient evidence of that.

The development corporation reports that the dramatic shift from public to private investment that has occurred over the past 12 months will continue. Inevitably it was in the early stages of the partnership between the development corporation, Milton Keynes borough council and Buckinghamshire County Council that spending on roads, schools and the general infrastructure was high.

According to the latest forecast, 38 per cent of the projected £2bn total development cost for the new city will be provided by private investors.

Economies

The area where the new Government might cause problems for Milton Keynes is in any proposed public spending economies on items such as education and leisure facilities.

The city does have the advantage however that much of the basic infrastructure has already been installed—the cynics point out that Milton Keynes has always seemed to have mile upon mile of new roads cutting across green fields with the result that it would be politically embarrassing for any Government to call a halt before the factories and houses had been built.

The Government's current review of regional policy and industrial aid must help Milton Keynes to the extent that it reduces the incentives for mobile industry to locate elsewhere. Decisions are expected before Parliament's summer recess, but the Chancellor of the Exchequer has already called for a four-month delay in the payment of regional development grants.

Options likely to be considered are increasing the threshold for grants, reducing the size of assisted areas and cutting advanced factory building by the English Industrial Estates Corporation. Any such moves to slim State involvement must benefit Milton Keynes, which can afford to trade on its natural advantages: its siting astride the north-south road and rail network, its proximity to London and the markets of the South East, and the new factories or green field sites it can offer.

Such advantages seem likely to carry the city to its original target population of 250,000 although the previous Government as part of its review of new towns and inner city areas recommended a reduced level of only 200,000 by the 1990s. The time-scale assumes more academic significance once self-perpetuating growth has been established.

Inevitably, because of its success in creating 25,000 new jobs over the past decade, Milton Keynes features in debates about regional policy. Lord Campbell rejects any criticism that the new city's growth during a period when mobile industry was strictly limited might have been at the

CONTINUED ON NEXT PAGE

Big demand for factories

MOST AGENCIES trying to attract new industry would welcome the problem faced by Mr. Allen Duff, commercial director of Milton Keynes Development Corporation: "Demand for factories is so great that we cannot build them quickly enough," he says.

More than 100 advance factory units have been let over the past 12 months—a rate of one every 2½ working days, according to the calculation of an assiduous Press office.

The programme to step up provision of advance units to 1m sq ft from the 650,000 achieved last year was hit by bad weather in the early months, but a further 90 units of varying sizes are scheduled for completion this year. Leasehold sites, such as the 23 acres made available recently to Volkswagen (GB) for administration and warehouse headquarters, are also on offer.

General Motors has just taken a temporary lease on office space as the first move towards occupation of a 28-acre site that will house a £10m warehouse and distribution centre for automotive components. The development will provide employment for at least 300 by next year.

Mr. Duff says the demand for accommodation has really taken off over the past 12 months but the upward trend had been apparent for three years. Factors creating confidence in the new city were the opening of the shopping centre and the planned new hotel and railway station. "I think these have marked the shift from the uphill struggle to the downhill glide."

One change which Mr. Duff thinks the new Conservative Government might make would be to give development corporations the option of allowing the sale of industrial freeholds. He points out that it is important for the community, which provides the essential infrastructure, to take its share of the increased value of a site.

On the other hand, the flexibility to offer a freehold deal could be important in attracting companies and future employment to the area.

"There is also the need to develop a strong mixed economy," Mr. Duff argues. "There is a danger in new towns like Milton Keynes of over-municipalisation. It is important to have a proper balance between the private and the public sector."

About 23,500 new jobs have been created over the past decade to take the total employment in the new city to more *than 40,000. A recent study by* the development corporation suggested that little more than one in five of the new jobs were created by companies transferring to the city from outside. Almost as important was the growth of companies already resident, while 22 per cent of new employment came from enterprises actually starting up in Milton Keynes.

Predictably, there was a large increase in the service sector with the growth of shopping, education, leisure and administrative facilities. The effect of the expansion programme so far has been to reduce slightly the relative importance of manufacturing industry, but opportunities for management and the professions have increased.

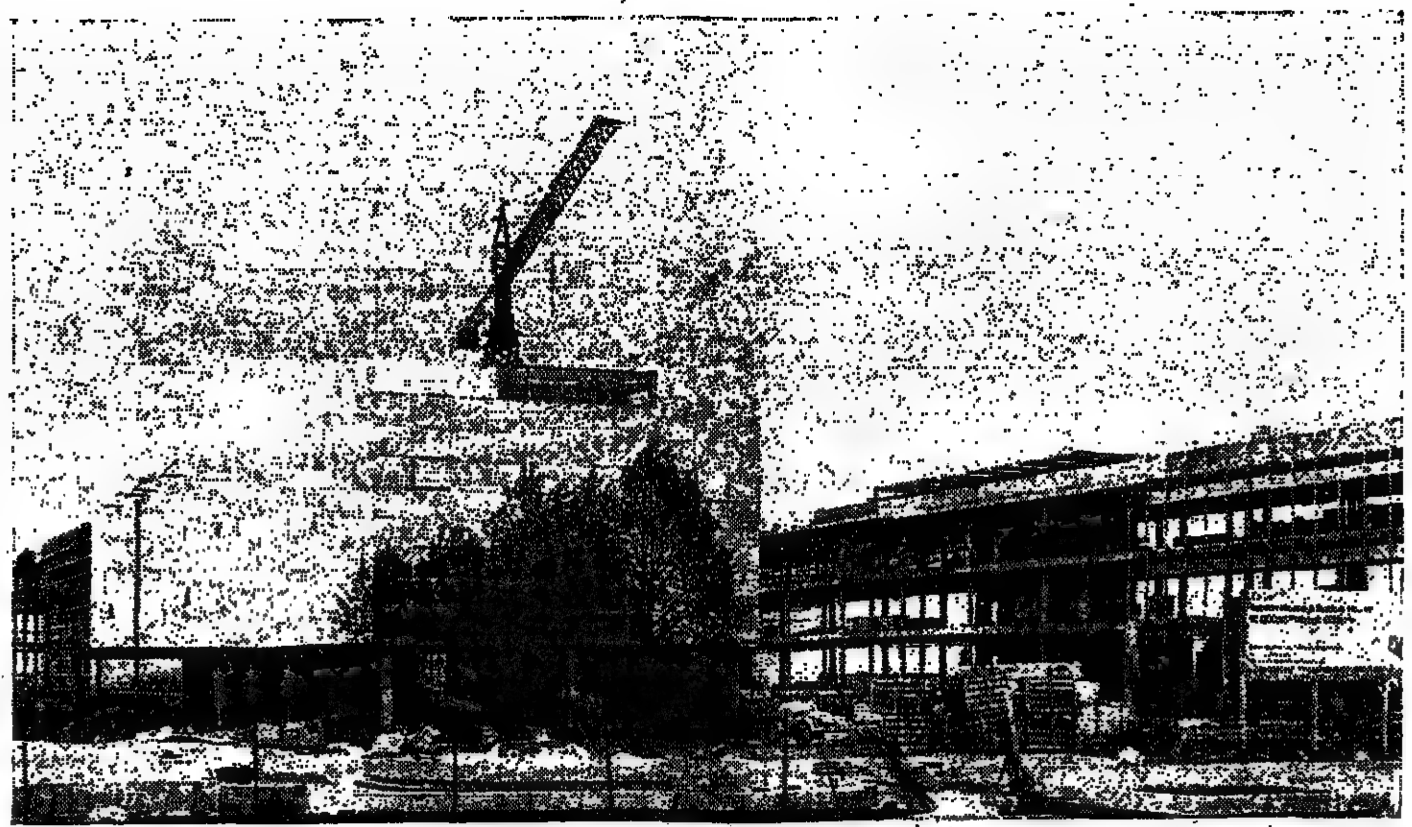
Construction

The city has a broad-based economy with no obvious bias towards either manufacturing or service trades. The most noticeable difference between the employment structure of Milton Keynes and that of Britain as a whole is the high number engaged in construction.

Total employment in that sector is currently around 4,800 and this can be expected to remain high for many years as the development corporation presses ahead with what it claims is one of the biggest construction programmes in Europe.

Construction workers, more than half of whom do not live locally but travel in, exert an influence upon what is an interesting commuting pattern. About 13,000 workers come into Milton Keynes daily as against 7,500 who travel out. Mr. Duff says such a favourable flow was not expected so early in the expansion programme and takes it as another indication of the city's success.

Milton Keynes, with an established and fast train service from Bletchley to London, acts to some extent as a dormitory area for the capital. But Mr. Duff maintains that the growing employment strength of the new city means that it is having to provide jobs not only for the newcomers but also for former commuters.



Construction of the shopping centre has greatly buoyed commercial confidence in Milton Keynes. Here Ashton House and Norfolk House, two office blocks, are under construction in the city centre

The importance of London as a source of jobs for the new city has also declined over the past five years. In total, about 1,650 jobs represent the direct transfer of companies from the capital, but this movement has now slowed to a trickle. Companies tend to come from other parts of the south-east region where, because of pressures upon land, housing and labour, expansion might be restricted.

Mr. Duff argues that it is far better to provide a city such as Milton Keynes as a planned growth point rather than allow development in the South East to take place on an ad hoc basis. The city has proved attractive to foreign companies although the development corporation has done very little overseas marketing, except in North America.

About 18 U.S. firms, the latest of which is General Motors, have set up operations, while companies from countries such as Italy, Germany and Switzerland are also represented.

Mr. Karl Guttentag, chairman of Milton Keynes Industrial Association, which has about 120 member companies, says a good dialogue has been established with the development corporation.

Because the articles of the association, a local body established some years ago, are too restrictive, businessmen are in *the process of forming* a chamber of commerce. Mr. Guttentag says the support and funds are already available. Only an industrial dispute at Companies House has delayed registration of the new chamber.

One of the issues raised by the association is the prospect of shortages of skilled labour—a national problem but one which could become acute in the new city with expansion proceeding so rapidly. There is a determination by local companies not to get caught up in an inflationary scramble for labour. It does mean, however, that employers must at the very least ensure that working conditions and ancillary facilities are competitive.

"Wage levels in Milton Keynes are competitive and we already have the £100-a-week workers," Mr. Guttentag says. A recent survey of local industry by the association suggested, however, that labour shortages were not a constraint on production.

The association is devoting much of its energies to establishing links with the schools to establish a two-way flow of ideas on industry's needs and the level of training of young people. The range of new educational establishments, including the Open University, provides full opportunity for such co-operation.

Local employers must compete for labour with established industrial centres such as Luton and Dunstable to the south, Bedford to the east and Northampton to the north.

Another issue which has attracted the association's attention is the need to create an efficient public transport system within the new city. United Counties, a member of the State-owned National Bus Company, is faced with the task of developing what was an essentially rural service into a city-wide operation.

Problems were exacerbated by the bad weather early this year, but a number of companies have turned to private hire to ensure that their workers' travelling time is cut to the minimum.

In general, however, the problems of businessmen in Milton Keynes tend to be the same as those faced by industrialists throughout Britain. What they are grateful for, according to Mr. Guttentag, is a good working environment and the stimulation of being in a city that is both expanding and prospering.

Arthur Smith

Commercial building in full flood

IT IS another sign of the momentum that has been created by both the private and public sectors in building the physical fabric of Milton Keynes that, in the next year to 18 months as much building will be going for offices, hotels and other property as has taken place in the past five years.

The picture has never been more encouraging, and though a severe economic downturn could stretch programmes over longer time scales, it seems clear that a watershed has been reached. There have, it is true, been one or two withdrawals by the private sector from developments not directly connected with the shopping centre, but the gap has been filled without noticeable difficulty.

In transforming paper plans and designs into buildings the private sector has played, and continues to play, a vital part. This year more than 80 per *cent of the capital programme* for industrial and commercial property will be funded by the institutions.

The Post Office pension fund provided the initial impetus for the magnificent shopping centre, said to be one of the two biggest under cover in Europe. It funded £24m, nearly half the total cost—an act of faith in the management of the Development Corporation as well as in the future of Milton Keynes.

There was always the possibility of the shopping centre being labelled too grandiose, too splendid, too visionary, too *impractical commercially*; and indeed it has still to prove its viability.

It was therefore a considerable coup to capture the John Lewis Partnership for the big block at one end of the centre, for it demonstrated to others beyond peradventure that canny traders believed in the project and were willing to back their judgment in millions of pounds.

Others which have followed the John Lewis Partnership are Woolworths, now acquiring a new image, Waitrose, Tesco and Boots, with space reserved for Marks and Spencer.

A commitment by top names such as these has had a vitalising effect elsewhere in the property market, and not only in central areas of Milton Keynes. The new city has been built in a connected series of neighbourhood centres each served by corner shops, so that a sense of community is generated. There has been no lack of demand for these.

But Milton Keynes is not just a new town that will have a grand central shopping area, administrative and other offices and the usual paraphernalia of a growing population. It is a multi-centre city, with Bletchley in the south and the railway town of Wolverton and adjacent Stony Stratford in the north, all long-established centres with their own traditions. There is also a number of old villages including the village of Milton Keynes on the western side of the new centre from which the city takes its name, but little else.

Cementing

What the new Milton Keynes is doing is to bridge these older communities, and, at any rate in terms of business and commerce, draw them together with a new-found identity. What is developing is a bigger and more magnetic and go-ahead area.

What is happening at Stony Stratford to the property scene both follows general trends as well as cementing bonds with the new town area so that they are beginning to progress in a more composite manner.

Stony Stratford shops used to have long gardens and orchards behind them, several of which have now been taken over and made into a car park. A majority of the shops used to be family-owned, until the families found the rates becoming too high to live above them and they began to move out.

That was one of the early changes. They have been going on since, with the result that properties have been changing hands much more frequently, especially since one or two supermarkets appeared on the scene. The increase in values started three or four years ago with the increase of population in the new city, and Bletchley, temporarily, became the chief shopping centre.

Vacated accommodation over the family-owned shops has been turned into offices in the established centres, with rents of £3.50 a sq ft in modern or modernised accommodation and £3 or perhaps less in older accommodation. This compares with £4.50 and £4 a sq ft in and around the centre of new Milton Keynes.

The narrowness of the difference reflects both the demand for office accommodation everywhere — there is none to let in Corporation developments—and the improving quality in the older districts. Only 18 months ago it was possible to get the same accommodation in Bletchley or Stony Stratford at £2 or £2.50 a sq ft, or £1 less than currently being paid.

Once again, it is due partly to the private sector that demand for business accommodation—for lawyers and other professional men, building societies and so on—has taken root and grown. Lloyds Bank was instrumental about five years ago in building the first £3m block of shops and offices, just across the way from the *shopping centre in what is now* called Lloyds Court.

National Westminster and Barclays were concerned in the Norfolk and Ashton House office projects at the other end of the shopping area near the civic centre. However, their participation could not be confirmed and Norwich Union has stepped into their shoes. National Westminster has taken over part of the ground floor of the civic offices.

Norwich Union has also funded part of the shop buildings and two blocks of offices, each of 70,000 to 80,000 sq ft, just being built at a cost of about £6m.

Not all the office accommodation is congregated round the main shopping centre. Some is to be built by the corporation on what are called campus sites —they look out over woods and fields, but are by no means all that deeply rural. In fact, the corporation has taken an active part in developing this part of the city's infrastructure by building offices before tenants have even indicated an interest.

It was always recognised that if the new Milton Keynes was going to function fully at least one new hotel would be needed. Had a decision been taken two or three years ago it might well have been for quite a small hotel. The one that Crest Hotels, the Bass Charrington subsidiary, is to build on the edge of Willen Lake will be a substantial one of 132 bedrooms.

It is being started at the end of the year and is due to open in the first half of 1981. The corporation believes it will be another five years or so before another hotel is needed.

About a mile and a half south of the shopping centre British Rail is to build a £5m station which will incorporate an interchange with the local bus services. Site works have started and the completion date is in May, 1981. When opened the new station will be on the inter-city Advanced Passenger Train route, further cementing the links with London as well as making journeys much easier for people living to the north. The existing stations at Bletchley and Wolverton will be retained for the benefit of local people.

British Rail has also funded an interesting industrial development of three attractive blocks of 50,000 sq ft at Northfield, near Willen Lake. The Post Office, too, has been involved on this side with a £1m development of advanced factories at Moat Farm, easily distinguishable by their white exteriors.

A scheme of similar value at Kiln Farm has been funded by Scottish Mutual Life Assurance.

Industrial development, with its emphasis on one-man or ten-men nursery projects, and which is absolutely essential to *balanced expansion*, is going forward steadily with almost all the units taken or spoken for at average rentals of £1.60 a sq ft.

Their big counterparts are leased sites such as that at AC Delco Automotive components, the General Motors subsidiary, which is building a £10m warehouse at Child's Way, near the M1. Volkswagen (GB) has already established its headquarters at Milton Keynes with a £7.5m investment. Tesco, Hoechst, BOC International and Coca-Cola are among other big name companies to have found homes in the new city. Altogether more than 200 companies *have moved in* to create 23,000 new jobs.

Current and firm future projects for factories, offices, shops and local centres total more than £30m, of which two thirds is being funded by the private sector. So the development corporation is able to demonstrate to pension fund managers, the City and the market in general in no uncertain terms the confidence that there is in the city's future.

Peter Cartwright

The shopping centre, above, is half a mile from end to end. The borough council's new Civic Offices are adjacent at the lower left

Dream

CONTINUED FROM PREVIOUS PAGE

expense of London and the assisted areas.

He points out that only about 1,650 jobs represent direct *moves from* London and that such a safety valve is essential if redevelopment of the inner city areas is to take place. Milton Keynes is seen as one of the planned growth points in the expansion that inevitably will take place within the prosperous South-East region.

"Of course, it is arguable that new towns to some extent impede development in the assisted areas, but the difficulty has always been that no amount of economic incentives have countered the attraction of the South East. In my previous career, in Africa and the West Indies, there were some places people wanted to work and live. Milton Keynes is such a place."

Lord Campbell also stresses the importance to Britain of providing industry with modern facilities where it is possible not only to achieve high productivity but also to enjoy a good working environment. The new city has been successful in attracting high-technology industries and a number of companies from overseas, particularly from the U.S.

"All you can do in a job of this sort is to set a style. I think we have done this with the high standard of building and environment we have demanded. I am confident this quality will give Milton Keynes a character and a soul of its own."

But does the mounting petrol shortage not pose a threat to a new city modelled around an ambitious grid system of roads? "We are being affected more than if we had built at a higher density but I am unrepentant. People want to get the best out of the town and countryside."

Employment areas were now being built closer to housing, more corner shops were being provided and efforts were under way to improve public transport. Opportunities for cycling and walking were also much greater than in the conventional city.

Lord Campbell, after more than 12 years in the hot seat as chairman of Britain's most controversial new town, has lost none of his enthusiasm for the venture. He sees the project as one of the nation's important achievements.

"I don't know what the future holds for Britain, but if anything succeeds it will be Milton Keynes. I do not say that we won't have our share of problems. But that is true of all things. That is life."

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Shopping strategy welcomes all

THE Development Corporation has turned a blind eye to some cherished criteria in its successful drive to establish what will be one of the biggest shopping areas under cover in Europe.

Many developers will advise keeping banking, building societies and betting shops off the High Street. But though the three Bs may be anathema to some, in Milton Keynes they receive no less a welcome than the supermarkets. It is a measure of the corporation's evenhandedness that the first shopping area to open, five years ago now, is called Lloyd's Court.

Building societies have a logical existence there, too, and if there has been nowhere to make a formal bet on the Derby there certainly will be, for the shopping centre caters quite specifically both for the biggest and grandest such as the John Lewis Partnership, and for the one-person craft shop not much bigger than a living room.

The corporation's shopping strategy is based on a three-tier hierarchy that takes account of existing facilities in the district and in the region. Taking the John Lewis Partnership project as an example, its Milton Keynes store lies between one in Brent Cross in north London and another in Nottingham. It has been taken not simply to cater for the new city, but the much wider region around. Within 45 minutes driving time are 1.5m people who soon will have the new magnet of a unique shopping centre to attract them.

In the range and quality of goods the bigger operators in the shopping centre will be competing with or complementing shopping facilities in Northampton, Oxford and Luton.

The new centre is bound to attract a lot of people initially purely on curiosity value. It is very likely, when they have sampled its unrivalled amenities, that they will return — it will not be difficult to form a pleasant habit.

At any rate it is expected that somewhere near 750,000 people a week will be using the centre not too long after its opening in August. Perhaps one in three or four will come from the regional centres.

Stimulate

The new shopping centre is well clear of the established towns of Bletchley, Stony Stratford and Wolverton. For populations each of around 50,000 they are reasonably well provided with shopping facilities though lacking somewhat in the facilities supermarkets larger than existing ones can provide, and in fashion shops. Whatever deficiencies there may be will be made good at Central Milton Keynes and should also stimulate the combative trading spirit of the more senior places.

Of course, as the population increases beyond the present 86,000 there will be the opportunity for further shopping developments to the east and west of Milton Keynes, depending on how future facilities elsewhere develop, or new ones are needed. This second tier of district shopping seems to have been sensibly planned, and is being sensibly developed to meet present and future needs of an expanding population that will be looking increasingly for a wider range of choice.

The third tier in the shopping hierarchy comprises the neighbourhood shops, the little corner establishments which cater for the everyday needs of the housebound, the mums with families and lots of washing, the allotment addict and children with a few pence to spend.

The range includes, of course, the traditional newspaper, magazine and confectionery shops, and is expected throughout the new estates to include chemists as well as fish and chip shops, post offices, grocers, vegetable shops and laundrettes.

If the range is to be wide enough to cover needs that are both everyday and occasional it appears probable that in the early days at any rate there could be some failures among one-man businesses. To counter this the corporation has embarked deliberately on a policy of interesting single developers to take over a group of corner shops. It is hoped in this way to sustain any shopkeepers who get into difficulties with the profits of the more successful.

A start has been made through an American group, Southland Corporation of Dallas, which specialises in neighbourhood units and recently took over R. S. McColl, the newsagents and confectionery group. Milton Keynes represents Southland's first venture of this kind in Britain and the corporation is delighted that it should be so.

On the other hand, this does not preclude the individual seeking to establish himself or herself, but it is felt that a mixture of the two will lessen the chance of depressing failures.

At the heart of the city is the half-mile-long High Street of shops whose covered arcades continue the grid system of roads on which the new city is being established. Its 1.1m sq ft gross of retailing space, all on one level, is as large as the National Exhibition Centre near Birmingham and it is a good deal more compressed.

Yet while the sheer bulk of the enterprise is truly impressive, its impact has been softened in a number of ways. First by the relation of height to length and width; second by the liberal use of trees and plants indoors and out and the absence of disfiguring multi-storey car parks; and third by reflective glass which to the passer-by will mirror the tree-lined boulevards and the general activity around the centre.

Scale

The aim has been to prevent the buildings dominating the area and when the two tree-lined boulevards that march alongside the centre have reached maturity this should be realised more fully.

For the time being there will be more than one opinion as to whether the bold concept has been successful. The sheer scale of the centre, still raw and unfinished, towering above the young trees tends to be daunting as well as impressive. But inside each hall has its own personality and the individual feels not at all overwhelmed.

The two light and airy main arcades that run the length of the building are paved with sandy-coloured marble and along the middle of them are raised beds planted with a bewildering variety of plants, succulents and trees from many parts of the world. There are lime and palm trees, oaks and evergreens, ferns and mosses in a botanical array that will admirably set off the big picture shop windows on either side.

At one end is a splendid garden court, open to the air, with a fine fountain playing above a pool. Towards the other end are a series of cafes that will be overhung by grape vines supported by a series of pergolas, the whole set off by the bright blue of tall African flowers.

There is also a very large, airy hall designed to be used for temporary exhibitions and any other events that will attract passers-by as they shop.

Even in its unfinished state the centre has become a centre of attention for town planners and architects from Europe and beyond. Those who live in Milton Keynes will get their chance to wander and wonder when the centre opens on August 9.

All the big shops have found tenants or have been spoken for and these inevitably will overshadow the smaller units. These also are steadily filling up with chain shops, hardware stores and many others still to make their presence known.

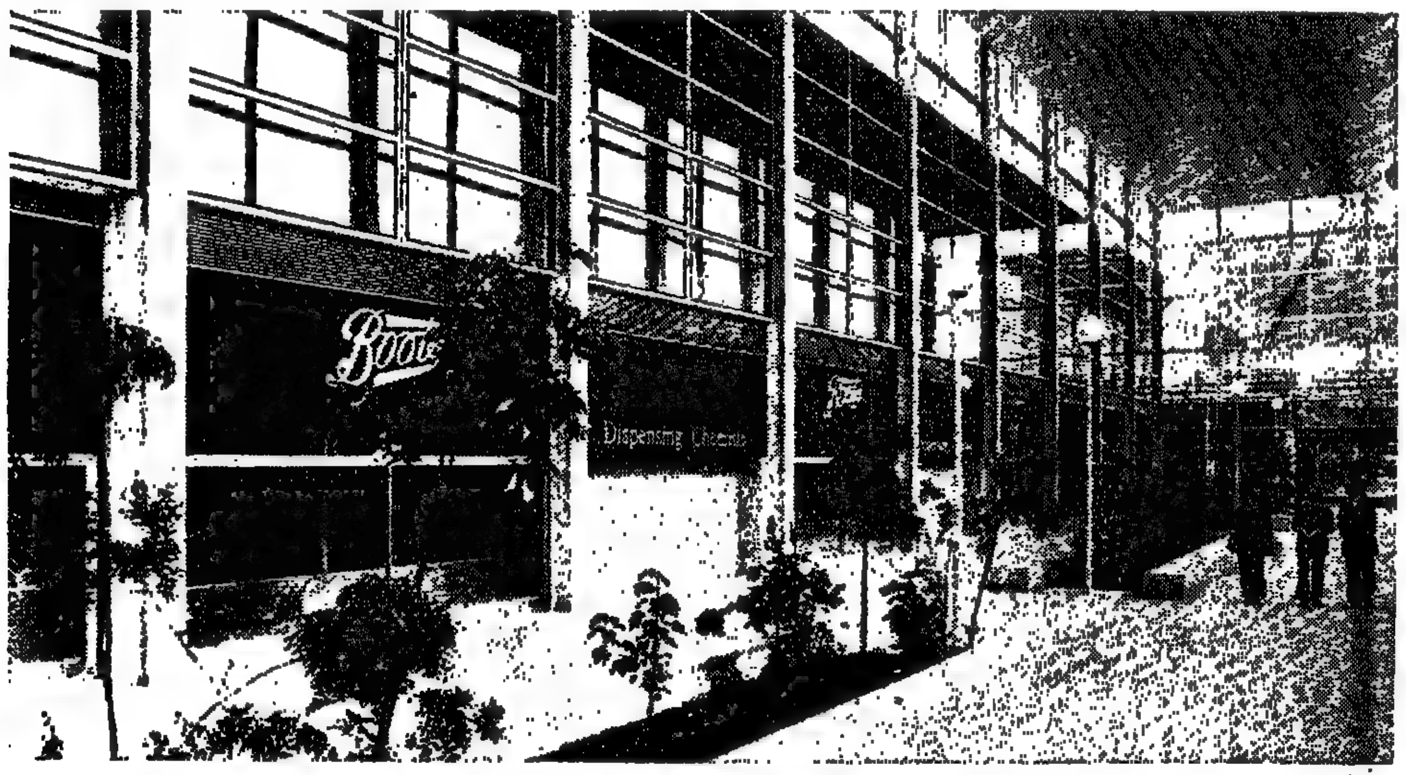
Looking out on to the flanking tree-lined boulevards which also contain the free car parks, will be the small delicatessen, craft, picture gallery and other units. In the middle, on one side, will be an open market for fresh fruit and vegetables.

Access to the central shopping area is easy, by dual-carriageway roads, and will be made easier still for visitors from beyond the city boundaries. The A5, the old Watling Street, is to be realigned so that it bypasses Stony Stratford and goes along the periphery of Central Milton Keynes. There will be several interchanges, including one at Bletchley to the south, a central one linking also with the M1, and another leading into the industrial area to the north.

The new railway station to be built near the shopping centre will also create access from outside the city and intending shoppers should find the various routes and facilities quite adequate.

Although the shopping centre is opening in August, not all the retailers will open until autumn. The first real test of the amenities and their pulling power will come at Christmas. A Christmas tree is just about the only one they haven't put in the building, but there's plenty of time.

Peter Cartwright



Part of the almost completed £36m indoor shopping centre with its mixture of small shops and big stores

A lathe operator at work in one of the small factories at Kiln Farm

Pioneering scheme for small firms

"A NEW CITY is supposed to be a place of opportunity. It is only right we should share part of the risk in encouraging new firms." That is the view of Mr. Nigel Walker, 30, who in addition to his job as principal commercial surveyor with Milton Keynes development corporation, devotes much of his energy to the Small Business Centre—a pioneering project to help small firms get off the ground.

The development corporation has provided 11 workshop units, ranging from little over 500 square feet to around 2,700 square feet, on a site at Kiln Farm. All were leased to new or existing small companies involved in modern technology. The difference is that rents are payable three months in arrears and the landlord will take a sympathetic view of short term problems.

All tenants are shareholders in the management company responsible for day to day running of the Centre which also provides shared conference and secretarial facilities. Mr. Walker, as the company secretary, sees his job as trying to make the landlord-tenant relationship as flexible as possible to ensure the commercial success of the individual ventures.

"If there were any difficulties we would have to look at how we could assist, but that has not happened yet," Mr. Walker says. With more than 150 applications for the units, the development corporation could afford to be selective about its tenants.

Expansion

Mr. Walker reports that one company is already seeking a move so that it can triple its floorspace from the present 1,000 sq ft. Units at the Centre are leased for three years but can be surrendered at any time with only three months' notice in order to encourage ease of movement and expansion.

The School of Management at the Cranfield Institute of Technology, nearby, is also co-operating with the Centre and firms were offered free consultancy in the early days on topics such as marketing, cash-flow projections and professional services.

Mr. Walker says the Cranfield involvement is continuing and companies are able to take up business advice at fees arranged through the development corporation.

The Kiln Farm project, opened by Mr. Harold Lever, the Labour Minister with responsibility for small firms since elevated to a peerage, is only the prototype for a number of schemes which the corporation wants to operate on its industrial sites.

Milton Keynes enjoys the benefit of a broad-based local economy with only 4 per cent of its companies employing more than 100 workers — and that figure includes the development corporation. Nearly half the city's companies employ fewer than six people and the aim is to generate industrial growth from what is regarded as an important sector.

A survey of employment growth in the first seven years of Milton Keynes up to September 1976 indicated that 4,200 jobs, or 22 per cent of the total, had resulted from new firms setting up in the city.

Even without the specialist facilities offered at Kiln Farm many new companies have started in the advance factory units provided by the corporation. "We have said we will take the risk to a number of tenants where a private developer would have said no," says Mr. Allen Duff, the corporation's commercial director.

"We adopt commercial criteria but it is the companies where there might be an element of risk that will provide the growth. So far we have been successful," he says.

The experiment at Kiln Farm has not only provided the new city with a number of lively companies but has also attracted attention outside Milton Keynes. "We have had a surprising amount of interest in what we are doing from local authorities and other new towns," Mr. Walker reports.

A.S.

A move that paid off

ONE OF the first big names that Milton Keynes attracted to the new city was Hoechst, the German chemicals giant with operations in 120 countries. But that was in the early days when doubts were still being cast on the viability of "the planners' dream."

Nearly 10 years on, why was the decision made, how successful has it been, and what are the company's plans for the future?

Mr. Nicholas Beattie, site administration manager, speaking in his office in the converted Walton Manor House, declares: "This is a prestige site for a prestige company. We would not have found anywhere more suitable in the whole of Britain."

And he pointed out that the company did try. "After being shown around the extremities of Scotland and the wilds of Wales, we managed to persuade the Department of Industry that we really wanted to be in Milton Keynes."

Hoechst took over the former Walton Manor stud farm and 80 acres of grazing land in 1972. The first big investment was a £3.5m project to establish a pharmaceutical research laboratory to contribute to the company's £30m a year research into products for medical use.

The laboratory, with accommodation for 150 research scientists, is geared towards development of improved methods of disease diagnosis and studies into potential new drugs.

Soon afterwards a new facility was established to increase Hoechst's role in veterinary medicine. Animal health laboratories and facilities for the production of vaccines and sera were built. The 80 acres of farmland provided natural grazing and allowed the investigation of products under practical farming conditions.

At the beginning of this year a £750,000 warehouse for the distribution of pharmaceutical goods was opened.

For the facilities established so far Milton Keynes had been ideal, Mr. Beattie maintains. He says that for distribution the city is well-placed astride the main north to south rail and road links. Communications are also good for the international airport at Heathrow. Travel time to the Hoechst headquarters at Hounslow is only about 1¼ hours. "Further than that would make it a two-day rather than one-day journey," he said.

Milton Keynes was within easy distance of central London, which was important for the pharmaceutical laboratory's links with the teaching hospitals.

Apart from the factors specific to Hoechst, Mr. Beattie drew attention to the environmental benefits of the new city. "There is the prospect of good housing and open countryside, while staff can also travel quickly to London for the theatre and other facilities that the capital can provide."

Such factors had been important for Hoechst in attracting well-qualified staff. Of the company's 275 employees in Milton Keynes, about 80 had degrees of which more than 30 were PhDs. "For a staff engaged in research work a new city with an obvious emphasis towards young people is particularly attractive," Mr. Beattie declared.

Employees had established a lively sports and social club on site, converting a 16th-century cottage into a community pub.

On the whole Hoechst had been very satisfied with its move to Milton Keynes. Relationships with the development corporation had been good.

The only constraint upon development had been caused by problems with the disposal of effluent. One production unit which Hoechst had planned to locate at Milton Keynes had been switched to Sweden because of waste disposal difficulties, he said.

Looking to the future, Mr. Beattie said Hoechst was not satisfied with the company's present level of operations at Milton Keynes, but there were no specific plans for expansion.

Future development would depend upon Hoechst's activities worldwide and the performance of the international economy. "We have a site which provides not only the space but also the environment for profitable growth. We shall respond as the opportunities arise."

A.S.

Homes programme starts to accelerate

THE PROGRAMME of home building in Milton Keynes is beginning to roll faster. The development corporation no longer has to cajole or pressure nervous developers. A decade of investment pump priming is being rewarded and today the pressure to build is coming *from* waiting lists for private homes.

"Demand is strong across the range of houses," a confident Mr. Brian Brookman, manager of the private housing unit, asserts. "And there is an increasing demand for the more expensive homes, a few of which cost up to £75,000."

At Milton Keynes village, where new houses are going for £39,000 to £45,000, a hundred people are after 31 houses. At Millhayes, where four-bedroom, two-bathroom houses of £43,000 to £45,000 are to be built, the waiting list is 65. About 160 have their names on the list for homes in the £16,000 to £27,950 bracket at Parkside, a development of three- and four-bedroom terraced and detached houses. There is a list of 140 names for flats and maisonettes in the central area.

Confidence

The keen demand both for the highest-priced homes and those at the other end of the scale reflects the growing confidence [illegible] in the future of the new city as a pleasant place to live, as well as work [illegible] speed with [illegible] jobs are being [illegible].

Milton Keynes was designed [illegible] some of the people affected by the chronic housing shortage in the London area, and it is within reasonable commuting distance. In fact [illegible] people go to work outside the city. But the more significant statistic is that 13,000 from outside and work there.

Taken in conjunction with the substantial waiting lists for homes for sale on the 14 building sites, it seems clear that the development corporation and developers can look forward to a *fairly* steady expansion from the current 86,000 population to twice that in the early 1990s as planned without the need for very much, if any, extra stimulation.

It was always anticipated that natural growth would take over at around 150,000 population — 200,000 more pessimistically — but now it appears that this process has started already. And with the infrastructure making steady progress this can be expected to continue.

The larger demand for houses for sale also suggests that a balance between homes for rent and those for sale will be struck perhaps sooner than seemed likely not so long ago. The ideal mix, the corporation believes, is half for rent and half for sale. At present the mix is 60-40 per cent in favour of rented accommodation. There are 50 completed developments of 10,000 rented homes and another 3,400 are being built on 23 developments.

It is a measure of the corporation's concern to create a city for all ages, conditions and abilities that 15-20 per cent of the housing stock is for the aged, besides catering for single people, the disabled and for all sizes of family. The mix is reviewed in the light of national population statistics and policy trimmed accordingly.

Officers had been quite prepared to turn over some of the sheltered homes to ordinary folk, but there has been no need, and small wonder. One of the completed schemes is imaginative in design, with inner walkways naturally decorated with bushes and evergreens and of fastidious quality, with a great deal of thought obviously having been given to the problems and needs of the disabled.

This is carried still further if they want to go shopping. They can phone an office and arrange for a wheelchair or other aids to be waiting for them in the car park outside the store they want to visit.

In each scheme the corporation is building 5 per cent of homes for the mobile disabled and a further 0.5 per cent is set aside for the wholly disabled. For these sheltered homes, too, there are now waiting lists. Schemes are also being given more variety by the provision of plots for sale and for development by housing associations and co-operative ventures.

Easier

With a new government in power committed to encouraging home ownership the corporation has been able to make it a good deal easier and more attractive for tenants to buy. The 60 per cent balance of rented accommodation reflects the lack of confidence developers had in building for sale until the market started to pick up about two years ago.

Nevertheless, although there had necessarily to be a heavy emphasis on accommodation to rent, the corporation, encouraged by the Environment Department, built to designs and standards — especially as regards spacing — which in the years to come would be attractive to people who wished to buy.

The original rules for tenants who wanted to buy were that they must have been in occupation for at least four years and that the homes would be sold at a discount of 33 per cent on current market values, with the proviso that the minimum price must meet the costs.

The new Conservative government allows new town corporations to relax the rules substantially. Homes can now be sold at market values less discounts even if they are less than cost. There is an immediately available 30 per cent discount even if the occupier has been there less than three years. And if he has been there for three years the discount is 33 per cent, with a further 1 per cent discount for each extra year.

The speed with which the corporation can tilt the balance in favour of house purchase quite obviously depends to a considerable degree on the views tenants take of their accommodation.

In the earliest days, when the corporation's brief was to build quickly to increase the 40,000 then living in the area by populating the fields with houses, it had to agree major developments of largely uniform construction in order to attract the builders.

To some people one or two of the early developments, one all in yellow brick, another all in red, with red-tiled roofs, look horribly uniform and barrack-like. They also emphasise the severity of the geometrical pattern of development, in which squares predominate.

This lack of variety and other deficiencies during the period in which the new town was just starting up are admitted. The greater variety in types of building, lay-outs and the general mix that have been introduced since, are a recognition that there have been lessons to learn.

But if some elevated roads provide a bleak view of roofs—and from some angles an apparent half-mile of terraced houses—what is it like for those who live there?

Like the shopping centre itself, much of Milton Keynes is much nicer from the inside looking out. This is changing as a greater degree of variety and character become evident, and this will happen at an increasing pace.

In the year to the end of March the number of completions was on target at 400, and would have been higher but for the appalling weather. This year 700 homes should be completed and there is no reason to doubt that 1980-81 will produce 1,200 and the year after that 1,500.

There are 21 schemes currently under construction to provide 1,873 houses, of which 750 have been completed so far. Another 18 schemes have been agreed and will in time add another 704 homes.

More and more schemes are being agreed with the volume house builders' study group (of seven of the largest builders in the country). Milton Keynes is on the up and up.

P.C.

The city is aiming for a good mix of private and rented accommodation. These are some of the rented homes at Neath Hill

Leisure one of the main priorities

IF EVER a city has been designed with leisure as a priority it must be Milton Keynes. For the development corporation and borough council's ambitious planning for the spare time of the eventual 200,000-plus population, and the visitors they want to attract, is one of the reasons architects and other professionals visit from all over the world.

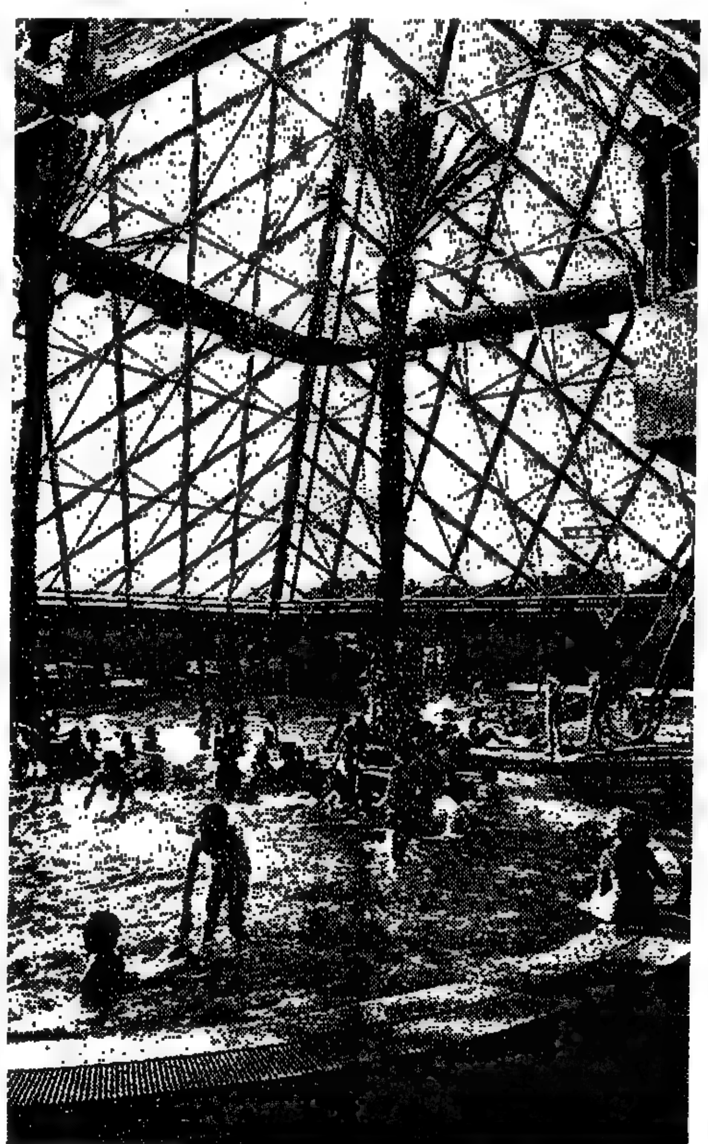
The city's underlying theme of leisure is reflected almost everywhere that so far has been built on, landscaped or simply left alone. It is intended to be a place to explore and enjoy: where simply getting about, especially by bicycle or on foot, can be a pleasure in itself.

A place where you may find a canalside walk or a nature trail in a wood a few minutes from your front door, and a judo class or the big city stores (when the shopping centre opens) may be no further away in another direction.

Huge swathes of informal parkland with riverside walks are being created—the Linear Parks along the rivers Ouse and Ouzel and Loughton Brook—in the city plan. There are 65 miles of cycleways and more to come. And in the built-up areas trees and shrubs are being planted everywhere (more than 2m so far), so that town and country become inseparable.

Everything, it seems, has been thought of. The two borough council leisure centres with their theatres and excellent facilities for many kinds of sports to international level, have been open for some time.

A sports stadium is to be built: one of two equestrian centres is open: a regional arts centre is to be developed when funding and policy can be agreed: and the city has a new museum and its second artist-in-residence, thanks to an Arts Council Fellowship.



Bathers in the pool at Bletchley Leisure Centre: one of two built as an integral part of the Milton Keynes philosophy that play is as important as work. Each has a theatre and extensive facilities for sport

Bonus

There are adventure playgrounds for children, wildlife conservation schemes, and a noisy sports area (for model aircraft, pistol shooting and so on) sandwiched between the new A5 link road and the railway where they will give least offence.

Lakes have been created as amenities, with fishing sailing and waterskiing, as a bonus from dealing with the city's water run-off from buildings and roads.

In the summer there are guided walks to places of interest led by park wardens, forestry staff and archaeologists and there are more than 650 local societies holding regular meetings.

Not everything that has been done so far has worked out exactly as planned. For instance, it was decided to provide one golf course for every 30,000 people. Now it has been found that the present two are underused by the present 86,000 population. So the city is working instead on the basis of one course per 50,000 and will wait until the population is much larger before providing a third.

The astonishing thing about Milton Keynes is not simply that the leisure facilities which are there or to come are comprehensive. It is that simultaneously with building the homes, factories and roads, the city has on its doorstep, or is providing, many unusual amenities which you would not find all together in any other area.

And, of course, they cannot help but attract companies to move to Milton Keynes, and people to live there.

For example, Milton Keynes Bowl, an earthwork modelled on the Hollywood Bowl and capable of holding 100,000 people at outdoor events, has been built by the corporation from excavated spoil on the site of a former tip. The first events there, a Country Fair which drew 25,000 and a kite and balloon festival, were held recently.

An 18th century windmill has been renovated as an attraction, and there are plans to open to the public the remains of a Roman villa with its superb mosaic floor which by luck is also in the city area.

The Stables, part of the home where Cleo Laine and John Dankworth live and hold musical events, also happens to be within the boundary, so local people can hear Moura Lympany, Leon Goossens and Joyce Grenfell, as well as the Dankworths themselves. The venture receives an annual grant from *the corporation* to meet its administrative costs.

And easy driving distances away are the Downs at Dunstable, Whipsnade Zoo, Woburn Abbey, Stratford-on-Avon and many other places for outings.

The two men who co-ordinate the huge range of projects are Mr. Brian Salter, 39, Recreation Unit Manager at the development corporation, and Mr. Peter Jones, 52, Director of Recreation at the borough council—which gradually will take over many of the schemes before the corporation is dissolved in the mid-1980s. Both have go-ahead staffs and a very clear vision of the city as a place where work, prosperity and leisure go hand in hand.

Range

Mr. Salter says: "Fourteen million people can reach Milton Keynes in an hour and a half by car. We would like to provide facilities here to make it a regional resort so that people will be attracted into the city.

"This would enable us to provide a greater range of facilities for the people who live here.

Among the plans is the hope that Milton Keynes will be chosen to host the 1986 Commonwealth Games. "We are one of two English cities interested and we have until August 16 to *put in a bid, though the bid is* subject to central government aid which is not certain yet.

"A site has been earmarked in Central Milton Keynes for a stadium and we would build a 50-metre pool there too if the Games come here. If not, the stadium probably would be designed for football and greyhound racing instead of football and athletics, and we would build two 25-metre pools elsewhere in the city instead of the 50-metre one."

England's nominated venue for the Games is to be chosen this autumn (Birmingham is also interested). Then the decision on which country they will actually go to will be made when the Commonwealth Games Federation meets at the 1980 Olympics in Moscow.

Milton Keynes has been extremely fortunate to have the experience of Britain's old cities and the post-war new towns to profit from, so that many of the social problems that could have arisen were defused in advance.

Says Mr. Jones: "It would have taken years—into a second generation—to put right such problems, but by deliberately providing parks, meeting places, opportunities for community involvement and other facilities early on—often in advance of the factories—we have kept ahead of them all the time. There is very little evidence of community problems here.

Popular

"For example, the council built the two leisure centres, at Bletchley and Stantonbury, well before, in financial terms, they could be justified, instead of waiting for most of the population to arrive first.

"We put on a lot of events. Youngsters here have somewhere to go and people don't have to get on the train to London to find entertainment. In fact, we often have to ration tickets for our events because they are so popular."

Both the corporation and the council have lively promotions departments with a keen nose for what people like. The world Kendo championships have been held at Milton Keynes: so has TV squash, international boxing and table tennis.

Andre Previn and the LSO, the Czech State Orchestra, Sasha Distel, Julian Bream, the New Seekers and Show Waddy-Waddy have all appeared there, not to mention the Royal Shakespeare Company and the National Theatre Company.

The borough council's skills under Teresa Collard, its arts and entertainment manager, have extended even to commissioning works from artists and musicians, with grant aid from the Arts Council, East Midlands Arts Association and the Eastern Authorities Orchestral Association.

There are plans also to show the best of Milton Keynes to the rest of the world. There are thoughts of enticing a good football team and the Milton Keynes Chamber Orchestra made its London debut in May, at St John's, Smith Square.

Street reactions from a few of the people in the city show that, like any other place, living there is largely what you make it. A regular What's On guide lists all the main events, but inevitably some people are still drawn by the familiar attractions of Bletchley and other towns while others have as hectic a social life as they can manage in the new city.

And for those who tend to watch TV or go to a pub, it can take some getting used to the idea of using a nearby community workshop, where you can do photography, pottery and other activities for 20p a session plus the cost of the materials.

For the mid-teens being without a car forces them to rely on the buses which, many people agree, are few and far between. And at that age going anywhere is expensive.

The development of Central Milton Keynes will both solve the distance problem and bring many more activities to the city. Granada Theatres is negotiating with the corporation to build a big leisure complex right by the shopping centre to include cinemas, bingo, restaurants, a night club, amusements and more shops.

These facilities, to cost more than £1m, are expected to open progressively, starting in about 18 months' time. And the corporation is already pencilling in other commercially-run schemes next to the shopping centre, which are likely to include a garden centre, children's amusement park and a steak house.

Detailed discussions with the borough council on what will be sited where should begin in about six months.

Other discussions planned include the formulation of a water recreation strategy for Milton Keynes' lakes as a basis for talks on their use with outside sports bodies.

The corporation, in its promotional literature, is already laying claim to the title City of the Trees. Once most of the attractions are there it might also merit the name City of Leisure.

The fascinating thing is this: Milton Keynes is being built at the very time that micro-processors and automation, the crises of our old cities and the shorter working week are raising unprecedented problems of how people could or ought to occupy their spare time.

So the planners' successes and mistakes in this new city are important. Milton Keynes at play is a blueprint for the 21st century.

Michael Strutt

HE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Novel approach to echnology export

DAVID FISHLOCK, SCIENCE EDITOR

UPON a time (about ten ago) American scientists d out a grand scheme for ng the technology of the rn world on to the more erished nations in order e their economies a big They called it the agro- ar complex. It consisted industrial package of r power plants, desalina- plants to provide fresh fertiliser factories etc. dea was that this suite of ced technologies would enough desert bloom to orm the economy of the nt nation.

n some American econo- began to point out the acks: how much it would o build a big complex cratch in conditions with dustrial traditions; how complex, with its depend- n a high level of scientific rt, risked total rejection more primitive culture. It more sense, they conclu- build such an agro-indus- complex in a developed y—and work out some f cutting the developing y in on the benefits. In vent, nothing was ever

a group of British busi- en is trying to get to grips e underlying problems in g western technology on e primitive cultures. They formed a novel kind of association, which makes lic debut today. In fact, ore like a club, the hand- members appearing to prisingly free from sus- of each other's activities otives.

club is called Technex technology transfer Its members have each 3,600. Not much, perhaps, ompany the size of John but a lot for one or two consulting firms among embers.

igeria irony

chairman is Ron Brooks, ercial director of John Research and Develop- an offshoot of the con- lon group which carries search both for the group under contract for other . Brooks, as a co-founder, to see the club making a s of joint consultation. e representing a group of nies with a lot of experi- We trust each other. We each other's strengths and esses. We know we can together," says Brooks.

ically, the first attempt to together in this way pro- a report recommending e client should forget his He was a businessman in a with a scheme for ing a new soft-drink fac- Technex was able to igate more deeply and that others had had the idea and would reach the t quicker. But the entrepreneur was so impressed —or relieved—that he promptly asked Technex to undertake another feasibility study on a quite different idea.

Co-founder with Brooks is Paul Cautley, director-general of Technex, who drove hard into the problem of technology transfer when he worked for British Rail in the early 1970s, trying to market its advanced passenger train overseas.

A marketing man, he talks of the "personal chemistry" created between club members that is making it work. He stresses the care taken to see that prospective members will not react in any way that reduces efficiency. You can soon tell, he says, from whether a club meeting generates interactions between individuals or whether the new boy simply steals silently away.

Through its Transmark subsidiary, BR is represented among the club members. Others include Imperial Foods, the United Medical Enterprises (the government-backed group that sells medical technology and services overseas), the PE Consulting Group and SIRA Institute, a scientific instrument research company. Much of the club's strength lies in its wide diversity of interests.

Foundations

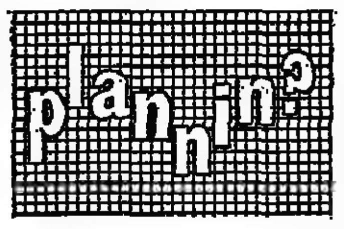
How this expertise can come together to provide a technology package tailored precisely to the needs of a particular developing nation is best illustrated perhaps by the idea of the National Industrial Technology Centre. This is a package designed to lay the foundations of a national standard of quality control and quality assurance for a country with no industrial base.

For Britain, with its long tradition of industrial standards founded with the help of such old-established research centres as the National Physical Laboratory, it is, in Paul Cautley's words, "something we should be very good at doing."

Initially, the club worked up a detailed proposal at the invitation of the United Arab Emirates. This was a country with no basic standards for the industrialisation programme it was planning. Laing, SIRA Institute, the National Computing Centre and the British Hydraulics Research Association collaborated to produce a scheme tailored to the range of industries — petrochemicals, metals, food, paper, building materials, etc.—the UAE was planning, for a site in Abu Dhabi. But the whole plan fell foul of an economic recession.

Undismayed, Technex has set out to market very similar schemes to other countries. Currently it is working on feasibility studies for two other Middle East oil countries and a third country in East Africa.

Christopher Lorenz launches a series of articles on planning



Corporate strategy in an age of uncertainty

"PLANNING is just a waste of time nowadays—especially so-called strategic planning. In today's world there's no point looking further forward than a one or two-year budget. Anything longer-term is just not worth the paper it's written on."

Thus the head of a Dutch company, angrily attacking his fellow participants in a discussion group at this year's Davos Symposium of the European Management Forum. He was especially damning about the complex and sophisticated "strategic management" system operated by a German firm, whose managing director claimed that, now more than ever, it was essential to the successful running of his business.

That, in a nutshell, is the sort of controversy — sometimes fierce, always confused—which now occurs almost weekly at the many symposia, fora, seminars and meetings across Europe at which senior managers meet to exchange views and be briefed on the latest management ideas and techniques.

Regardless of the official agenda for these gatherings, what every top manager wants to learn is how best to cope with the increasing pressures of today's business environment, and in particular with the unprecedented uncertainty caused by a long list of factors: see-sawing inflation and exchange rates, stagnant economic growth, increasing competition, mushrooming government regulations, and the growing politicisation of relationships with customers and suppliers, especially in the Third World.

Since the 1973 oil crisis, as these imponderables have multiplied, each one compounding the last, company managements have responded in different ways to the fundamental question of how to control the future of their businesses.

Some, like the Dutchman at Davos, have become totally disenchanted with the planning systems which in the 1960s seemed to promise so much; they have become content—or resigned—simply to reacting to events. Others have made little change to their "long range" planning systems, except for shortening their horizons, from say, five to three years.

The most sophisticated—not necessarily just the largest, as the Davos discussions showed—have flanked this approach with the introduction of a whole new battery of techniques and services, designed to help them construct a long-term planning framework (often still covering ten years or more) within which they can react rapidly to external events, and in a controlled manner.

Every company's quest for the form of planning which suits it best is needlessly confused by jargon; not so much the very fact that specialised terminology is used to describe concepts or techniques, but that there are no generally accepted meanings for each piece of jargon: words like "goals," "objectives," "strategic," "corporate" and "operational," and even apparently simple terms like "budget," "forecast" and "plan."

Any one of these will mean different things to different management gurus, consultants and academics. In particular, some writers distinguish "strategic" and "corporate" planning from each other, seeing one as a sub-section of the other, while other people use them interchangeably to describe the total planning process.

In an attempt to dissipate some of the confusion — both real and semantic — which surrounds planning, we are today launching a series of articles on planning's role as a key part of what consultants and business schools have come to call "the strategic management process" — the way top and senior executives decide, direct, delegate and control the generation and allocation of resources within a company.

To avoid the academic approach of most planning textbooks, many of the articles have been written by people with practical, up-to-date experience in industry or banking.

An ideal example of the sort of confusion surrounding planning is provided by one of the latest in a flood of books* on so-called "strategic planning" —that is, on effective planning processes. The author is James B. Whittaker of Georgetown University, in the United States.

Strategic planning consists of several stages, he says: First, "analysing the environment of the firm to determine specific threats and opportunities; second, evaluating the firm to determine the key skills and resources that could be used to develop a competitive strategy in a given product-market situation; third, integrating the unique skills and resources with the specific opportunities in the firm's environment; fourth, establishing corporate objectives for where the company wants to be at a certain time; and, fifth, creating a number of corporate policies, plans, programs and tasks successfully to accomplish the objectives that were established."

Many planners and executives would object that the setting of corporate objectives should, in fact, come *before* the planning process starts. This would seem to depend on whether the "objectives" (which some companies would call "goals") are to be vague and extremely long-term — almost a quasi-charter for the company's existence — or whether they are the detailed variety envisaged by Dr. Whittaker, such as "the objective of this company is to attain a 10 per cent compound growth rate in earnings per share for the next three years." In this case, to be realistic, the objectives/goals can only result from the planning process.

In the hope that lessons can be learnt from the mistakes of the past, the Management Page Management Page will examine the failure of many of the planning systems which were introduced in the Sixties under the influence of the "scientific management" lobby. It will argue that the problems were more deep-seated than is often suggested.

The series will then discuss, in general terms, how the effects of these past mistakes can be overcome, and how, in an uncertain world, realistic long-term plans can be effectively formulated *and* implemented. Several new planning "tools" will also be described, as will the differing approaches to planning of leading companies in Britain, Continental Europe and the U.S., starting (below) with *General Electric.*

Basic to the whole series are the following points:

- Forecasting is merely an (inevitably uncertain) adjunct of the planning process, but is often confused with it;
- There should be a clear distinction between planning and budgeting — the process by which short-term plans are quantified;
- Extrapolation of past performance is a totally inadequate way to plan one's future for the uncertain Eighties and Nineties, however adequate it may have seemed for some companies in the Golden Fifties and Sixties.

* *Strategic planning in a rapidly changing environment, by James B. Whittaker. Published by Lexington Books, Teakfield Ltd., 1 Westmead, Farnborough, Hants, GU14 7RU, England. Tel. 0252-519221.*

General Electric's painful re-think

OVER THE last eight years General Electric of the U.S. has developed and installed a strategic planning system which, more than any other on either side of the Atlantic, has served as a model for companies in all walks of business.

It was an extremely painful profits slump in the late 'sixties which prompted the world's leading electrical engineering group dramatically to improve its planning —the opposite reaction to many panic-stricken managements at the same time and since, who resigned themselves to stumbling from one short-term crisis to another.

The key to GE's problems at the start of this decade— and to the planning system which has helped resolve them—lies in the simple word "competition," according to Mike Allen, a former McKinsey consultant and now GE's vice-president Corporate Strategy.

By underestimating the capabilities and reactions of its competitors, GE had rendered itself highly vulnerable to them, he says.

Writing in the McKinsey Quarterly, in unusually forthright terms for an "insider" article, he gives three examples:

- Two of GE's major ventures were in unexpected trouble. In the computer business, the strategy of a worldwide frontal assault against IBM had failed. And in the commercial aircraft engine business, a "suicidal" price battle with Rolls-Royce had "deferred profits for a number of years."
- A three-month strike—the worst in 15 years—had strengthened competition. It had reminded customers how dependent they were on GE for certain businesses and had forced them to look for other suppliers. And it had given competitors a chance to show what they could do. "It took us many years to regain the share and price levels lost in that strike," says Allen.
- GE's results were showing a pattern of profitless growth. "Our business plans had been successful in achieving volume." So, from 1962 to 1969, sales had grown strongly. But profits were below expectations, and return on investment "was sliding dangerously."

In other words, to quote Allen, "GE's bottom line was being badly hurt." The company's business planning and control systems were among the best in American industry, he claims. "But they still had to be better." Hence the GE Chairman's instigation of a major programme to improve strategic planning, which also led to a fundamental corporate reorganisation (into over 40 "strategic business units"), and to extensive changes in procedures.

Among the numerous points in Allen's article, two stand out as especially relevant to executives in any type or size of company: the crucial importance of concentration on essentials, and the need for top management involvement.

"One of the major dangers in the complex planning cycle of a multi-business company is that attention can be diffused," says Allen. "Far more issues are raised than can ever be resolved; and many more questions are asked than there is time to answer well." At GE, he says, it has been found that the definition and communication of a few common and important challenges each year helps to prevent the dilution of planning effort.

Recognising this danger, Allen continues, the Corporate Policy Board decides, at the beginning of every year, what the year's three or four top strategic planning challenges are to be. (The Corporate Policy Board comprises GE's top ten executives, including senior vice-presidents for corporate technology, finance, planning and development.)

GE's Chairman ensures that this handful of "top strategic challenges" are featured in the general management conference, which is attended by the group's top 400 managers in the first week of January.

For the last few years, says Allen, one of these priority challenges has always focused on a specific competitive question. He cites the following examples for each of the last four years:

- 1975 — ECONOMIC COLLAPSE. "In January of that year, we were in the middle of an economic collapse . . . GE's earnings were to drop 39 per cent in the first quarter. So we were collapse-orientated."

The company's corporate staff studied the history of business collapses to understand what had caused them. Their major conclusion, Allen reports, was that business collapse frequently followed a combination of aggressive competitor attack and a period of under-investment in the business. "One of the planning challenges issued to all (GE's) businesses that year was to make a thorough review of all our product lines and business situations from this perspective."

- 1976 — MICROPROCESSORS. This planning challenge dealt with competition of a different type: the technological impact of microprocessors on many of our electro-mechanical component and equipment products. "Every business plan that year had to consider the opportunities that microprocessors offered the business and the competitive threats they posed.
- 1977—INNOVATION. The concern of GE's chairman "had been fuelled by a number of competitive product innovations that could have been made by our own businesses—the microwave oven, the EMI brain scanner, the food processor." All GE's businesses that year were required to review their technical resources, product leadership and innovation strategies in the light of such competition.
- 1978 — FOREIGN COMPETITION. *One of the four* priority planning challenges concerned "the flood of foreign competitive investment — principally Japanese and European — into the U.S. market. Each business examined its relative vulnerability to attack, and the various offensive and defensive options."

As Allen says, each of these competitive threats is both important and pervasive (throughout a wide range of businesses). One of the many instructive facets of his article is its demonstration that GE has begun getting to grips with new challenges— such as microprocessors and innovation—much earlier than many of its competitors, especially those outside the United States. After all, this is one of the prime purposes of its elaborate planning system.

*The McKinsey Quarterly, Autumn 1978. Available from national offices of McKinsey and Co. In London: 74 St. James's Street, London, S.W.1. Tel: 01-839 8040.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Grazing land

I understand there is a way of *leasing land which avoids the* problems of the tenant having the rights to continue after, say, a two year period. Can this be done?

You would need to let the land for grazing or mowing only, for a period which is less than one year. Thus a letting for such purposes for 364 days is appropriate.

Nominee shares

I formed the X Pension Trust *into a company in order to pay* pensions to a number of former employees. Is it a fact that this company may not agree to accept cash with which to purchase as nominee shares to be held in the name of the company as nominees with the assent of the directors?

The company will only be able to act as you propose if its Memorandum of Association (not Articles) empowers it to do so. The name of the company suggests that the Memorandum will not contain such a power, but perusal of the document will show whether that is so.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Soaking the rich for art's sake

BY ANTHONY HARRIS

THE WARNING from Covent Garden that opera stalls for the star evening will soon cost £20 is the most impressive proof I have yet seen that the new Conservatism works. Tax a man up to 83 per cent, and he feels injured even as he buys his heavily-subsidised opera ticket —if he can get one, that is. The tickets have always looked a remarkable bargain to visitors on top tax rates of 60 per cent or less. Cut his tax, and he will buy his dearer ticket with a smile. And the result is just, as well as cheery: the tax cuts of the rich should be financed, where possible, out of the subsidies of the rich.

Subsidies

What an outrageous idea, the reader may already be thinking—the idea that opera is a rich man's pleasure. It is unfortunately, at least so far as grand opera with grand singers is concerned, largely an outrageous fact. The subsidies, it may be argued, are in any case justified by the fact that opera everywhere is subsidised. That is unfortunately another outrageous fact, so far as grand opera is concerned, and a silly one. As surely as mortgage relief drives up the price of houses (compare the price of houses in the U.S., where there is no relief, and a largely sensible property tax), so opera subsidies drive up the fees of star singers. Not to mention, by way of comparability, the wages of stage hands.

The fact is, of course, that the finest of opera is in short supply, and subsidising anything in short supply is pure folly. What is not creamed off by the stars goes to the ticket touts. It is an outstandingly poor use of public money, and Mrs. Thatcher and the reluctant Mr. St. John Stevas have set an example which ought to be followed.

Privilege

I can already hear the regular lobbiers for opera subsidies arguing that the new policy will simply mean that opera-going becomes a privilege of the rich. This is nonsense. Even on grand occasions, there are many seats in the house which will not command grand prices. Even here, though, it is not clear that a general subsidy to hold down prices is a good use of public money, for again the demand exceeds the supply.

It would make better sense to cut prices for special groups only — music students, for example — thus following the rent-rebate principle of subsidies for people, not things. For the rest of the public a raffle—more realistically, a ballot among the Friends of Covent Garden, at a higher subscription —would raise more revenue without pricing enthusiasts out of the house.

However, all these arguments apply only to the grand, sold-out occasions. This leaves a mass of activity which it is perfectly sensible to subsidise — touring productions, performances of works by living composers, and indeed the ordinary, pleasurable repertory runs which are the staple diet of the ordinary opera lover.

The economic argument in favour of subsidy for these productions is a bit negative; it is mainly that a subsidy is not clearly unnecessary, and is not counter-productive (by way of bidding up fees). The real case is historical and artistic. Subsidy is as old as opera. It used to be called patronage, and as a taxpayer I am happy to join in—provided that I can get a seat.

Aggressive

Even subsidised nights, though, could be run fairly commercially. The ticket which includes "free" food and drink is one possibility; people seem prepared to pay more for free wine than wine sold by the glass. On big gala nights — Patrons' nights, perhaps? — free champagne could be really expensive.

The authorities at Covent Garden, then, should not be too apologetic about their seat prices. On big occasions, they could even be aggressive; for they are lighting a path which we are learning to tread again. The poor may always be with us, but the rich have been comparatively rare for some time. Now that they should become more common, we should applaud every competitor to the casinos and night life operators in persuading them to part enjoyably with their money—and preferably in a good cause.

A NEW GENERATION OF HYBRIDS

Iris: hang the cost and start the chase

UNTIL LAST weekend's heavy rain, it had been a superb season for the iris. To see them in mid-June, in Britain is to want as many as possible. Elsewhere in Europe, the sun tends to push the flowers too quickly past their best. In Britain, they tend to be at the mercy, instead, of a heavy summer storm. They escaped this year, and I seldom recall such a show of flower.

Short season

That said, I am not sure that I would bother with the usual sorts if I was planting up a new, smallish garden. Their season is short, the weeds among their rhizomes are a nuisance, though you can poison them by using a weak solution based on Simazine between the clumps before the weeds' seeds germinate in early April. Sprayed carefully, a film of poison seals off the surface of any bare earth and prevents the germination of annual weed. Ground elder among the clumps themselves is more of a problem. The only defence is to dig the whole clump up, shake out the ground elder and replant. Like me, you would probably have left a few roots behind, so the ground elder would start all over again. That is one reason why I have disbanded an iris bed; another was the pleasant but lengthy task of splitting the clumps every two years or so. This is best done in mid-July, a month after flowering. But so is much else, not least one's preparations for a summer holiday. Splitting is a necessary task with the big-bearded varieties; you replant the outer fans, the younger stock, and throw out the rough old parents which have flowered, the inner ring. If you grow a plant, you want to be able to look after it properly. The iris takes time.

However, for the edge of a pond or a damp patch of ground, there is a newish group of hybrids which are so spectacular that I have decided to try some and hang the costs and the consequences. You have to hunt around for them, applying to specialists such as V. H. Humphrey, 8, Howbeck Road, Arnold, Nottingham, who has surmounted some awful dry spring weather and still dazzles visitors with his new varieties. The ones for damp ground are all Japanese varieties. Stock is always scarce and prices at a level which can be disregarded now only by those set free of surtax. But I would remind you of the excellence of the plain yellow flag, called *pseudoacorus*, the green and gold-yellow striped leaf of *pallida variegata* and the magnificent blue-mauves in the *siberica* range, not least the huge Blue Cape, which costs a mere 40p a rhizome from Mr. Humphreys. Blue Cape is best on a slightly acid soil—a good companion, then, for azaleas and primroses by the waterside. The others also like to stand on the edge or boggy margins of a pond. They multiply quickly, so you can build up your own large stock.

They are not, however, the best. These are now found among named Japanese sorts which amazed me on my first full meeting with them. Star at Midnight has exceptionally dark, midnight blue petals set off by six bright yellow signals. Stranger in Paradise is not so tall and has fewer petals, though the flowers are also large. The colour is raspberry-rose with a white standard. Cherry Blossom Lion (*sakurayishi* in its Japanese form) fades from pink through pink-white to white and is perhaps the most remarkable. Leave Me Sighing takes first prize for its name, the sort of extravagance which is otherwise reserved for racing greyhounds. It leaves me wishing I could afford more at £4 a time. The huge sugar-pink flowers are marked with yellow and violet. None of the others to which I refer will cost you less than £3. They must be fed as heavily as possible and never allowed to dry out early in the season. Hence you sink them in a pot or box, like a water lily, in a fishpond or stream. They can cope well with standing water. But when the leaves begin to die down it is worth fishing the pot out of the water and allowing it to dry off. They are just about hardy unless, perhaps, you allow them to freeze up under water.

GARDENS TODAY

BY ROBIN LANE FOX

These big-flowered varieties are worth the expense, though still little known. As they grow in such unusual conditions I would make a special effort for them. Beds of bearded irises on dry land, however, have many competitors and can command less space. Hence there is much value in the many small irises the range of which is still unfamiliar to gardeners. Growing up to a foot high they come in every sort of colour. They multiply freely so if £2 seems a high price for one, remember that you could have another dozen after two years. They like the opposite conditions to the Japanese types, lime, sun and good drainage. They are very useful in a raised bed, a small front garden, at the top of a dry wall, between paving stones or in clumps along the edges of a flower bed. Flowering earlier than the big varieties, they see you over the gap between the last of the aubrieta and the first paeonies.

Conspicuous

There are two main groups, the Lilliput, which is up to a foot, and the miniature dwarf, which stops at about eight inches. Some of the Lilliput varieties have flowers which are too large for their clump, to my eye. But they are also the most conspicuous. All are worth buying. Here, I can only remind you that the range from a specialist is far wider than the standard violet, white or yellow in a garden centre list.

Green Spot is a waxy green-white, with darker markings. It has made a big name for itself in this age of green flowers. It is a clear flower which shows up well. I think it is a distinguished plant, essential for any wall, slope or edging. It flowers abundantly. Cherry Garden is large-flowered but a fine clear red which lives up to its name. Arnold Velst is early, dark blue and set off with a white beard. Lemon Flare is an irresistable creamy yellow. Whoever named Little Doggie can at least be forgiven for having bred a pretty white, stitched and marked with red-purple.

There are others aplenty, not least Irish Sea, which combines light green and Asia blue. I mention these partly because I think they are good value and reliable; also because I hope to surprise you. Too many gardeners think that they can only enjoy irises as you see them so memorably at Kew, massed in big beds which gleam for a fortnight and then shrivel down to old leaves and bindweed. These smaller varieties are at the forefront of modern breeding and no less exotic in their colour. Buy the best and pay the price. You can fit them all in, split them and enjoy the particular colouring of modern irises without losing space for anything else.

Five wins in prospect for Hern

RACING

BY DARE WIGAN

DICK HERN, for whom Salisbury has been a happy hunting ground, may collect several prizes at the two-day meeting beginning there this afternoon.

Hern is likely to win the Bibury Cup Handicap with Lindoro, a bay colt by Sun Prince, who won over the distance at the last meeting here I think Lindoro is capable of conceding 6 lbs to Essex Prince, a rather fortunate winner of a small handicap at Windsor last week. In the Weyhill Stakes Hern is represented by Sovereign Rose and judged on her recent close second to Claerwen at Newbury, it would probably be a mistake to oppose her.

Division I of the Shrewton Stakes may go to Roehampton, a grey colt by Sharp Edge, which Hern trains for his wife, Sheilah. Hern will probably also land Division II of this event with Whitehall Bridge provided their colt by Auction Ring is able to contain Columnist from Jeremy Tree's Beckhampton stable.

Finally, Hern saddles Balinger in the Pembroke Maiden Stakes. Balinger's first racecourse appearance was at Newbury at the end of May when he finished a close third to Tyrondero and Beau Reef, three lengths ahead of his more fancied stable-companion, Lindoro. It was therefore no surprise that Balinger was hot favourite to win his next race, at Sandown 11 days later. In the event he was no match for Crystal Queen, Sacrilege and San Marguerite. But I expect him to do better here.

I hope and believe the Gwen Blagrave Memorial Handicap will go to Shady Nook, owned and trained by Mr. Herbert Blagrave, who for years has given £1,000 of the prize money for this event, named after his late wife. Shady Nook, who fulfilled one of his owner's ambitions when winning the Newbury Summer Cup a fortnight ago, carries a 4 lb penalty for that success. But with S. Raymont, who rode him so well that day, claiming the 5 lb allowance, he seems to be reasonably weighted at 8 st 11 lb.

SALISBURY

1.45—Roehampton
2.15—Maiden Pool
2.45—Lindoro***
3.15—Shady Nook**
3.45—Sovereign Rose
4.15—Whitehall Bridge
5.15—Balinger*

RIPON

3.00—Wild Goose Chase
4.00—Rheinstar
4.30—Sandon Lad

TV/Radio

† Indicates programme in black and white

BBC 1

7.05-7.55 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 1.30 pm Bod and Breakfast. 1.45 News. 1.55 Wimbledon 1979: The third day. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Vision On. 5.10 Go With Noakes. 5.40 News.
5.55 Nationwide (London and South-East only).
6.15 Wimbledon '79.
7.40 Lena Zavaroni and Music.
8.10 The Omega Factor.
9.00 News.
9.25 Professional Boxing.
10.15 Americans.
11.05 Tonight.
11.45 The Sky at Night.
12.05 am Weather / Regional News.

All Regions as BBC 1 except at the following times:—

Scotland—5.55-6.15 pm Reporting Scotland. 12.05 am News and Weather for Scotland.

Wales—5.10-5.40 pm Bilidowcar. 5.55 Wales Today. 6.15 Heddiw. 6.35 Join BBC 1 (Wimbledon). 12.05 am News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
2.01 pm For Schools, Colleges.
2.40 Wimbledon '79.
7.55 Mid-evening News.
†8.05 Salute to Chaplin: "City Lights," starring Charlie Chaplin.
9.25 Peasants, Politicians and Power.
10.40 Wimbledon highlights.
11.30 Late News.
11.45 Fox Watch.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 The Love Boat. 3.20 About Britain. 3.50 Hello, Good Afternoon, Welcome. 4.20 The Sooty Show. 4.45 The Famous Five. 5.15 The Practice.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Victor Borge in Concert.
9.00 Khyber.
10.00 News.
10.30 "Kid Blue," starring Dennis Hopper.
12.20 am Close: Personal Choice with Richard Briers.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 5.15 Winner Takes All. 6.00 About Anglia at the Royal Norfolk Show. 10.30 Royal Milton Keynes. 10.40 SWAT. 11.40 Power Without Glory. 12.40 am The Big Question.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 Gambit. 6.00 Lookaround Wednesday. 10.30 Late Film: "The Keegans." 11.50 George Hamilton IV. 12.20 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Channel News. 6.15 One Man's Music. 10.28 Channel Late News. 10.32 Doctors' Private Lives. 11.30 George Hamilton IV. 11.55 News and Weather in French, followed by Epilogue.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 Reflections. 10.35 The Wednesday Western: "The Hired Hand," starring Peter Fonda. 12.30 am Grampian Late Night Headlines.

GRANADA

1.20 pm Cartoon. 2.25 The Outsiders. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Father, Dear Father. 10.30 SWAT. 11.30 A Question of Sex.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 "My Lover, My Son," starring Romy Schneider, Donald Houston and Dennis Waterman.

HTV Cymru/Wales—As HTV general Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Rydw I Am Fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News, and Road and Weather. 2.25 The Family. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Survival. 10.30 Report (Glue sniffing). 11.00 Late Call. 11.05 Barnaby Jones. 12.00 George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East Area only). 10.30 Southern News Extra. 10.35 Mannix. 11.35 Pro-Celebrity Darts.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North-East News and Lookaround, and Where the Jobs Are. 2.25 Code R. 5.15 Gambit. 6.00 Northern Life. 10.30 TV Movie: "Death Sentence." 12.00 Inside Business. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Entertainers. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Look and See. 6.30 Hogan's Heroes. 10.30 Wednesday Movie: "The Family Way," starring Hayley Mills, John Mills and Hywel Bennett. 12.30 am Bedtime.

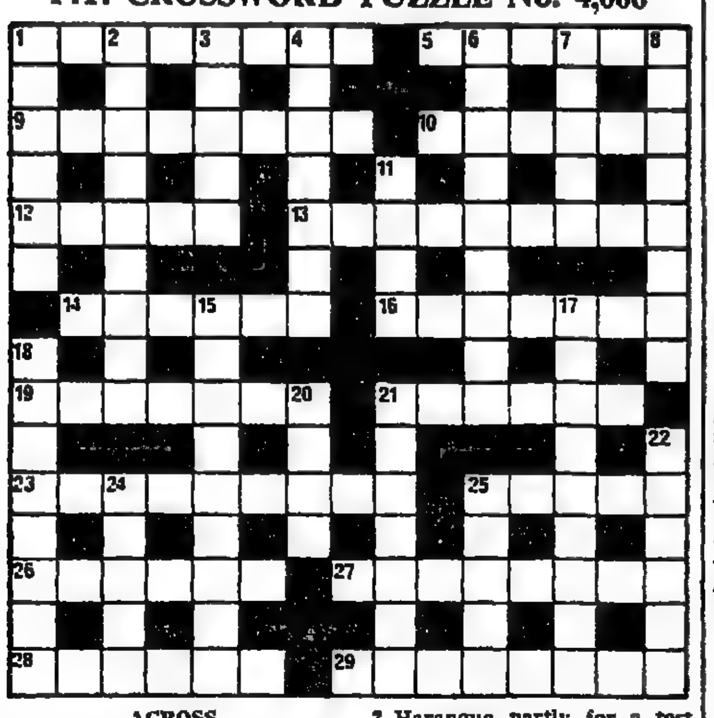
WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 10.32 Doctors' Private Lives. 11.30 George Hamilton IV. 11.55 Faith For Life. 12.00 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 The Day My Grandfather Died. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 SWAT. 11.30 Devine Country. 12.00 England Their England.

F.T. CROSSWORD PUZZLE No. 4,006



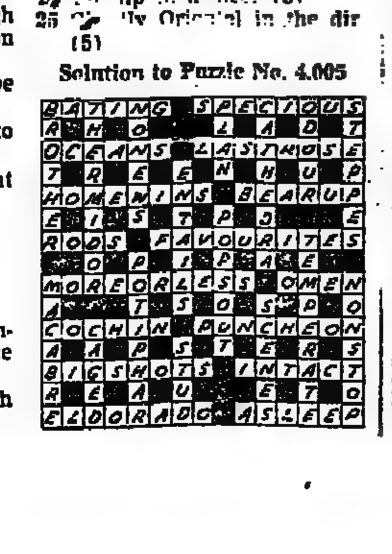
ACROSS

1 Large glass vessel (8)
5 Part of leg to follow in Japanese cult (6)
9 Want to include a vicar within your first guarantee (8)
10 Game controller could be impure (6)
12 Female relative starts entertaining in French resort (5)
13 Mixed crop, unlet, but possibly fat (9)
14 Overshadowed notice in outhouse (6)
16 Follows sailor and what sailors may take direction from (7)
19 Soldiers stood and rested (7)
21 Left a learner in entrance (6)
23 Vehicle is appearing in high wind to stimulate into action (9)
25 Immature and it could be common (5)
26 Oriental flung mixture to swallow up (6)
27 Fastidious old priest caught in appointment (8)
28 Cast as a yarn may be (6)
29 Rushed scratch edition (8)

DOWN

1 Joining up with south-eastern branch of airforce (6)
2 Arab gets a crop to thrash (5-4)
3 Harangue partly for a test (5)
4 Being extraordinarily decent, I led astray (7)
6 Fried steak for German citizen? (9)
7 I pry around row (5)
8 Opening of negotiations by public on river (8)
11 Trained ringleader in plot (4)
15 Food permit to desecrate (9)
17 Brand and deal in foreign currency (9)
18 Piece broken off by ragmen in paper (8)
20 Forceless person is to dip right inside (4)
21 Proffer a gift now (7)
22 Design mean purpose (6)
24 Put up regal beer (5)
25 [illegible] Oriental in the dir (5)

Solution to Puzzle No. 4,005



Radio Wavelengths

1 1053kHz/285m, 1089kHz/275m
2 693kHz/433m, 909kHz/330m, 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast.
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-2.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.03 pm Pete Murray's Open House (S) (continued from Radio 2 12.30 pm). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) (continued on VHF). 2.03 Wimbledon '79, including 4.30 Waggoners' Walk. 7.02 The Organist Entertains (S). 7.30 Sports Desk. 7.33 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 Noel (S). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Richard Clegg (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Tippett (S). 10.00 Chamber Organs at the Old Rectory, Spofforth (S). 10.35 Song Recital (S). 11.20 Scottish Chamber Orchestra concert, part 1 (S). 12.20 pm Interval Reading. 12.25 Concert, part 2. 1.00 News. 1.05 Concert Hall (S). 2.00 BBC Welsh Symphony Orchestra (S). 3.05 Gran Festival Mass (S). 4.10 Fifty Years of British Music (S). 5.10 Young Music-makers (S). 5.25 Homeward Bound (S). 5.45 News. 5.50 Homeward Bound (S). 6.15 At Home (S). 7.10 The Arts Worldwide. 7.30 A Concert in Jerusalem, part 1: Haydn, Bach (S). 8.00 Interval Reading. 8.05 Concert, part 2: Ben-Haim, Shostakovich. 9.00 Too Dangerous to Know. 9.45 Bach Cantatas (S). 10.25 Are You Now Or Have You Ever Been . . . (S). 11.55-12.00 News.

VHF only—6.00-7.00 am Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 God in My Language. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Listen In. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 What Ho! Jeeves. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Enchanting World of Hinge and Bracket (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 When the Guns Stopped Firing: A portrait of Armistice Day 1918. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Europe Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 Join Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. Final weeks NUREYEV FESTIVAL. Evgs. 7.30. Mat. Sat. 2.30. With MURRAY LOUIS DANCE COMPANY of America. Until Sat. Moment, Dela Ve, Schubert, Vivace. The Brighton Venus. Reductions for parties of 10 or more until Fri. For details ring 01-240 5250. July 3-14 PEKING OPERA.

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA Season opens Aug. 6: 2 Cycles. The Ring of the Nibelung. Die Fledermaus. La Traviata. Booking is now open.

[illegible]

THEATRES

DRURY LANE. CC. 01-836 8108. Evgs. 8 pm. Friday and Sat. 6 pm and 8.45 pm. The Rio Extravaganza BRASIL TROPICANA NOW BOOKING FOR RETURN ON [illegible]

[illegible]

THEATRES

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Rehearsed Readings Evs. 7.30. Ton't THE SMELL OF FANTASY by K. W. Ross. Tomor., Fri., Sat. THROUGH THE KALEIDOSCOPE by John Stevenson.

[illegible]

THE ARTS

...atre Royal, Drury Lane

Dionne Warwick

y ANTONY THORNCROFT

r three years of semi- ...ent Dionne Warwick is ...aking records, and tour- UK to give them a nudge. ...g' by her Sunday night ...s in London she is still ...bered by many reveren- ...s who are quite prepared ...her the ovation she thinks ...erves.

Warwick is tall, elegant ...utiful with a fine, rather ...onal, voice. She looks like in her white leggy dress ...cking group wears dowdy and carries on like one, ...uite over the top in her ...sation, using subordinate like confetti and "engag- ...onversation" rather than ... Just when you think ...o is quite out of control ...ps the prepared lecture ...gs for over half an hour ...t a break 23 of her old

And in her 17-year career she has had plenty of them. Unfortunately the best, songs like *The look of love*, *That loving feeling*, *Close to you*, deserve more than a minute's airing: it is like showing children sweets only to snatch them away again. For the rest it is selling the new album, produced by Barry Manilow, and doing her promotional routine.

For lovers of the show business dream who need a star to orbit around it was all very fine. Miss Warwick glitters. But her dependence on Baccarach and David songs, and an aura which suggests remoteness rather than greatness, make her more difficult for the non-believer to warm to. Probably underneath the glamour there is plenty of anguish but the material and the demands of the job prevent it from coming to the surface.

...al Exchange, Manchester

...he Three Musketeers!

by MICHAEL COVENEY

... should always be ...ods of jokey musicals ...art in the foyer and an- ...in the programme that ...will probably be one ...l." Dumas has been- ...red by Planchon, the ...Harry Secombe, and TV down the ages. Now it ...turn of Derek Griffiths, ...imber black comedian, Braham Murray, that ...Jewish director, to in- ...e damage.

...as' roistering fable de- ...nay deserves; irreverent ...ent all right, but this is ...rt of response in which ...nner of overblown crimes ...mmitted in the name of ...nt fun. Mr. Murray, who ...the *amiable farrago of* ...ags, unmemorable num- ...nd Pirandellian excesses, ...a boy let loose in a ...and instructed to see ...e can do with it.

...approach might have paid ...ndsomely, as all reckless ...sometimes do. The ...t on me was about as ...ul as being compelled to ...l my own funeral. The ...is that of Queen Ann's ..., hotly pursued by the ...interests of Cardinal ...lieu and the would-be ...eteer D'Artagnan.

...show only coheres in its ...rate first-half musical ...up in which the company ...ly enough, high-kick their ...owards an excuse for end- ...the agony. The same wheeze is used to end the show, with D'Artagnan's man, Planchet, orchestrating a finale at Louis XIII's ball at which Cyrano de Bergerac, a continual gate-crasher throughout, receives a literal cum-uppance by being hoisted into the theatre's roof.

Robert Lindsay is a sympathetic and too infrequently athletic D'Artagnan, ably supported by the Musketeer trio of Terry Wood (Porthos), Derek Griffiths (Athos) and Trevor Peacock (Aramis). But the hectic pace of it all leaves no room for manoeuvre on the acting front, let alone anywhere else, and the promising work of Diana Weston as the sexy Milady and Gary Waldhorn as the insouciant Cardinal is continually and noisily subjected to a *welter of inconsequential* stuff and nonsense.

Conductor appointed

Edward Downes is to be the next principal conductor of the BBC Northern Symphony Orchestra.

He will take over from Raymond Leppard in October, 1980, but joins the orchestra this October as chief guest conductor.

Downes spent some years at Covent Garden, where he is conducting the world premiere of "Thérèse" this season. For four years he was musical director and chief conductor at the Australian Opera.

Television

Truth in the hypothetical

by CHRIS DUNKLEY

Last week's column complained that television tends to suck into its maw matters which have always been considered fairly serious and regurgitate them as frothy light entertainment. Religion was instanced. There is, however, a current series which shows that television's habitual process of popularisation does not necessarily involve a reduction to insignificance in the minds of serious viewers.

Granda's fresh batch of *State Of The Nation* proves that it really is still possible to find new ways of fulfilling the television producer's dream of reaching comparatively big audiences with informative and even (in *the very best sense*) *educational* material which, thanks to its form, is acceptable to people who would *probably* never dream of seeking out such matter in any other form.

Transmitting the six-part series at the dead hour of noon on Sunday no doubt ensures that viewing figures remain lower than they might, but that is presumably not the fault of producer Brian Lapping or his team or indeed Granada, a company which has a unique history of innovation in the field of serious current affairs.

They have been using the title *State Of The Nation* on and off since 1966 and have employed various techniques under that umbrella: Roger Graef did one of his "fly-on-the-wall" films about the drafting of a parliamentary Bill for instance, and in *Chrysler And The Cabinet* Lapping and Norma Percy used well-informed journalists to re-create cabinet negotiations.

Now, still exploring the territory which has always interested him most—the areas in which trade-offs occur and decisions are taken affecting the ways we govern ourselves and make rules for the organising of our lives—Lapping has introduced another technique which is, so far as I know, quite new to television.

Developed at Harvard Law School it involves the arguing and to some extent acting out of a hypothetical case by a number of people who might genuinely be involved in such a scenario, under the leadership and probing of a "moderator."

After Watergate the technique, known as a "Harvard Hypothetical," was adopted by the Ford Foundation to thrash out case studies between lawyers, civil servants and journalists in sessions organised by Fred Friendly. The irony is that Friendly, former colleague of Ed Murrow, ex-head of CBS News, and doyen of American current affairs producers, did not *himself* think of applying the technique to television. Lapping and Granada (with *Frendly's blessing*) did, and highly successful it has turned out to be.

The first two programmes, on privacy and on whether journalists would or should break the law "in the public interest," proved that because of the purely theoretical nature of the exercise a hypothesis can occasionally be pursued to an absurd end: last weekend for example William Deedes, editor of the Daily Telegraph, declared (in so many words) that he would publish and be damned, and remarked that Paul Foot, former editor of Socialist Worker and now back with Private Eye, was being "uncharacteristically chicken" in deciding he wouldn't. It was, as Foot himself remarked merrily, an inconceivable outcome.

Mostly, however, the reverse has been true: participants have accepted the pretence at disguise offered by the "hypothetical" nature of the discussion and have talked as they very rarely would on television about real events (for fear of legal action, for one reason) and with a frankness which would be most unexpected in a studio discussion were they to be asked what their attitude actually was on a certain subject instead of responding to the convention in the hypothetical where they are asked what their *imagined* reaction would be in certain *imaginary* circumstances.

The difference between Sunday's hypothetical and the discussion later the same day between Clement Freud, Peregrine Worsthorne and others on the first of a new series of BBC1's *The Editors* was striking. Where real events such as the Thorpe case cause endless pussy-footing about cheque book journalism or the morality of putting witnesses under contract, participants in the hypotheticals are much more inclined to admit openly: "Well, if it's a question of stealing a document or bribing an employee to get this *story then I think I'll* pay the money — in the public interest of course."

The most unexpected qualities which the format brings with it are drama and comedy. Thanks to the moderator continually setting up dialogues either between two of the 15 or so participants seated around a horseshoe table or between himself and one of them, and thanks to his periodic injections of narrative development ("Now let's make it a little more difficult for you: suppose the judge is also taking cocaine . . .") there is often the tension of the duel which occurs in theatre.

The comedy from various unexpected quarters, but in particular from Derek Jameson, editor of the Daily Express, who has proved occasionally to be too keen a crowd-pleaser and sometimes suspiciously pious, but also able to encapsulate what others have spun out endlessly. During the videotaping (which I watched last weekend) of the second batch of three hypotheticals which will be broadcast in the next few weeks, the question arose of whether a journalist should pass to the police information acquired from a criminal.

David Nicholas, editor-in-chief of ITN, Hugo Young, political editor of the Sunday Times, and others agonised over whether to help the police (hypothetically) and thus ruin the source of information or not, some concluding that the dilemma would be solved if only the police would insist on the material being handed over—illogically since the source would dry up even if the journalist's conscience was salved. It is precisely the sort of practical/ethical conundrum in which the hypotheticals excel.

Jameson declared simply "Never, never should a journalist play the role of the copper's nark" and although he later *spoiled* the effect by appearing to contradict himself it is the sort of telling remark *which the programmes are full* of.

They are at their strongest *when the hypothesis* is strongest and most convincing, and they seem to be handled best by men with legal training and dramatic flair. The session moderated by Paul Sieghart who practised at the London bar for 13 years was certainly the most enthralling of last weekend's, for instance, taking as it did a hypothesis starting with a reporter on the Financial Telegraph discovering a confidential ministerial memorandum in a West End restaurant . . . .

* * *

The relative and increasing strength of ITV current affairs compared to the BBC's has been emphasised again, this time in a report from the TUC which has been sent to MPs and to Dick Francis, the BBC's Director of News and Current Affairs (whose liberal common sense as a participant in the hypotheticals is impressive). The report says quite rightly that "BBC television is failing to provide adequate news and current affairs coverage of the regional problems of London and the south east as distinct *from national* and general intest items emanating from London."

It points out that there are eight BBC regional television stations in England responsible for producing daily 25-minute programmes of news and regional current affairs, and an extra half hour weekly programme each, but that London and the south east—biggest of all the regions with 17m people —has to make do with the first half of *Nationwide*. And by analysing *Nationwide* during four recent weeks they have shown that even that half programme devotes only one third of its items to real regional matters; two thirds are of national and general interest and the report suggest wryly that:

"One might be forgiven for thinking that the first half of *Nationwide* as seen in London and the south-east is used as a dumping ground for items which are not thought good enough for the nationally broadcast second half."

The report also complains that the BBC has *nothing* to match ITV's south-east current affairs series, a claim which seems *quite impossible to deny*. Anyone who has seen LWT's excellent *London Programme* regularly, or who watched the first in a new series of *Thames Report* last week with its cautionary tale about the likely costs if London were saddled with the Olympic Games, must have wondered why the BBC does not appear even to attempt anything to match or to compete.

Frank talkers—an "uncharacteristically chicken" Paaul Foot, left, and a comic Derek Jameson, right, with Richard Francis in between.

Spitalfields Festival

The 250th anniversary of Christ Church, *Spitalfields* is not only celebrating the revivification of Hawksmoor's architectural masterpiece. A grand church surrounded by grime and poverty is never a pleasant sight: Christ Chuch must have dominated its surroundings as forcibly in 1729 as it does in 1979, but at least in the 18th century its neighbouring buildings were the affluent houses of silk-weavers. Now the area seems almost derelict; but appearances are deceptive. Those prosperous silk-weavers' homes are still there, thanks to the fact that grinding poverty of the 19th century ensured that the buildings were neither demolished nor updated. The whole area is a magnificently dilapidated 18th century village. Christ Church now stands on the borders of a GLC-designated conservation area, which local inhabitants and enthusiasts are doing all they can to restore. The church, now reopened for worship as well as music, symbolises the rebirth of the area.

Richard Hickox is directing the current Festival of English Music, and in addition to concerts by his own groups, he has compiled an attractive, if miscellaneous, set of programmes. On Monday the Wren Consort gave a Handel recital, and made a much more favourable impression on me than the last time I reviewed them here.

Antony Ransome's bass sounded nicely relaxed; the pomposities of his sea-storm cantata were put across with a firm, full but cool voice. Joined by Helen Ransome and Judith Nelson in a trio, and the the Masque from *Comus*, one could admire the blending of two very different female voices. Helen Ransome is a pretty, unaffected soprano: but Judith Nelson showed herself in a different class altogether in a solo cantata. She introduced its empty sentiments skittishly, which made me fear she would send it up, but in the event she savoured every note with a small-scale seriousness which impelled total concentration.

The building caught her pure tones superbly: the accompanying group of Timothy Mason (cello) and David Robiou (harpsichord) sounded beefy by comparison, though their sense of ensemble with violinists Nicola Cleminson and Vreni Gould was, like the whole concert, calm and precise.

NICHOLAS KENYON

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Perhaps in future seasons this promising festival may see its way to giving more prominence, and programme time, to new work also. The two premieres and three first London performances included in this year's programme are steps in the right direction—but they are regrettably tentative: there's more to English music, and particularly to new English music, than the fustian echoes of Finzi, Berkeley, Ireland and Bridge.

The new work of the Nash Ensemble's programme on Monday evening—the same English programme they gave in Bath last month—was *Goro* for tenor and six instruments by Michael Finnissey (b. 1946). *Goro* is based on a Japanese "nagauta" — form of shamisen music, a long song or "dramatic recitation." It is not clear how closely Finnissey wishes us to follow the parallels; perhaps not at all, for though his score retains something of the poised neutrality of *shamisen*, coolly beckoning, the sharp edges and fierce contrasts are all but smoothed away.

It is a smooth, cool, attractive piece, 20 minutes long; the title and the story apart (the text is sung in Japanese), there is no perceptible "Japanese flavour." The manner is precise, detached: the voice alone takes up the tale first, a long wide-ranging melisma, seemingly (though many breaths are taken) a single breath; the rest unfolds punctuated, encouraged, *soothed*, and once entirely dominated by instruments. There are some pretty conversations, and some *high*, *ghostly*-thin textures rather beautifully laid out, and skilfully combined, on the one hand for string trio and on the other for flute, harp and clarinet. Not powerfully memorable, but neat, engaging music, securely played: Alastair Thompson was the excellent tenor soloist.

DOMINIC GILL

Covent Garden

Söderström/Ashkenazy

by DAVID MURRAY

Sunday's Celebrity Concert offered Elisabeth Söderström with a score of songs and Vladimir Ashkenazy as her accompanist. They make an attractive partnership, though given the short programme one could not stifle a regret that Ashkenazy contributed nothing solo. The centre of gravity was placed toward the end, in a group of Rakhmaninov songs. Miss Söderström and Ashkenazy have been recording their way through that composor's work, and have found a happy rapport; they make an impressive case for the range and depth of his songs. The piano parts are of course virtuosic as often as not, and Ashkenazy knows how to make them tell brilliantly without for a moment covering his partner's light soprano.

Besides the comfortable melancholy of Rakhmaninov's most familiar vein there are other moods which Miss Söderström fixed precisely in colour and phrasing. "Here all is well" was raptly suspended, and in a last song about floating, enchanted laughter she was no less delicately suggestive than Ashkenazy in the shimmering postlude. This group was preceded by four shapely Chaikosky songs, including a soberly moving "None but the lonely heart."

Earlier Miss Söderström had, it seemed, deliberately chosen her Schumann and Strauss from their stores of faintly precious miniatures — "Der Nussbaum," "Marien Wurmchen," "Schlagende Herzen" (here more mocking than infectious). Ashkenazy kept the accompaniment small and silvery, and the singer imparted the songs on a barely supported thread of tone. Apart from the rarely heard "Gilbuch gegen Sturm und Regen" of Strauss there were interesting novelties—two in Danish, one in Shelley's English—by Delius: intensely romantic, and betraying some discomfort with the constraining minutes of the song form. Little of all this was matched to the scale of the Royal Opera, but the artists sustained it by sheer force of personality.

Aldeburgh Festival

Façade 2

by RONALD CRICHTON

A few Maltings highlights from the second full week. This year's Publisher's Choice concert fell to the Oxford University Press and covered two groups from The Oxford Book of English Madrigals (Pears conducting the Wilbye Consort), the effective Clarinet and Cello Sonata of Phyllis Tate and the *Household Music* of Vaughan Williams. These three preludes on Welsh Hymn Tunes were played on this occasion on flute, clarinet, alto saxophone and cello. They came up more substantial than one remembered. The composer's apparent indifference to instrumental colour seemed at the time a limitation, though one that would not have shocked his Elizabethan forerunners. Now one can admire the contrapuntal skill with which he weaves his fantasies on the strong, singable melodies.

The treat of the evening was the first performance of Walton's *Façade 2*, so-called to avoid confusion with the existing Second Suite and subtitled "A further entertainment." Some further unscrambling may be helpful. The new work (eight numbers for speaking voice and instruments) is based on the *Façade Revived* given by Lina Lalandi at Plaisterer's Hall two years ago for Walton's 75th birthday and repeated on South Bank by the London Sinfonietta. Since then Walton has provided new music for three numbers and "re-worked and re-ordered" the rest.

The vein of satirical, poetic fantasy still runs freshly. "Water Party" is as carefree as the old "Valse," which it resembles. The "March" and the quite new "Madam Mouse trots" are delightful gains. So long as Sir William will hold a pen and Edith Sitwell's poems don't give out, there seems no reason why we shouldn't have *Façades 3* and *4*. Pears as reciter was softly and sibilantly suggestive—sometimes more free with the rhythm than speakers who aren't singers would dare to be. The players, in Tate, Vaughan Williams and Walton, were Richard Adeney, Thea King, Stephen Trier, Crispian Steele-Perkins, Charles Tunnell and (notably well-served by Walton's percussion parts) James Blades.

The centenary of Frank Bridge has been marked by two late-night concerts and a programme shared with his pupil Britten. This produced the first performance of an *Allegro moderato* for strings which, I understand, may or may not have been intended as part of a projected symphony for string orchestra. However that may be it is a good, stimulating piece, in temper and texture not unlike the *Music for Strings* of Bliss with a drop or two less panache and a pinch more of grey matter. Bridge, among pre-war British composers, had a command of métier second only to Elgar. The short *Lament* for strings in the same programme showed the same unfailing ear for sonority. So did the *Suite for String Orchestra* of 1909-10, though here an almost Teutonic delight in elaboration and thoroughness sounds at odds with the straightforward appeal of the material.

There was also the first performance here of an overlooked Britten work, *Young Apollo*, a fanfare for solo piano, string quartet and string orchestra, was written for the CBC and given once in Canada in 1939, then withdrawn. The combination produces an unlikely mixture of Liszt's *Malédiction* and Elgar's *Introduction and Allegro*, with the solo quartet banishing the piano to the back of the platform. Britten might well, had he wanted to, have made something of *Apollo*. As it stands, the short work is a curiosity with bursts of typically bright sound: The sun-god was to be more worthily celebrated in *Death in Venice*. Steuart conducted the English Chamber Orchestra, whose strings were nobly sonorous. Michael Roll was the pianist in *Young Apollo*. Peter Pears, in subdued but often eloquent voice, sang the Britten *Nocturne*.

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Capital on the move

THE marked instability of the exchange markets in recent days is not difficult to explain; on the contrary, on the eve of an OPEC meeting and a summbit of the developed countries, and of large official and unofficial capital movements, there is a wide choice of stories which can be made to fit the facts. German dollar sales as part of a tighter monetary policy, reserve switching by OPEC members, rumours about oil prices, forecasts of U.S. growth, half-year window dressing by American commercial banks—all have no doubt played a role. The market has jerkily balanced these forces.

Intervention

However, the fact that difficulties were to be expected does not mean that they can be shrugged aside. The market movements in anticipation of the next stage of the oil crisis are a warning of further difficulties to come; and some of them ought to be avoidable. In a world in which current account developments inflation rates and movements of investment capital are hard to forecast, the market has more than enough uncertainty to digest. When these underlying trends are readily swamped by movements of short-term capital, and often of official capital, the resultant exchange rate changes can be and have been perverse and disruptive. The experience of recent years gives no ground for supposing that official intervention guided simply by supposedly superior guesswork is any cure for the disease. It can esily make it worse.

Little used

Looking ahead to an era of higher oil prices and enlarged producer surpluses, certain problems can be identified in advance. Indeed, they have a familiar look, because they were largely correctly identified in 1974. They are, first the need to provide means by which the investment needs of surplus countries can be satisfied without undue disruption of the exchange markets; and, secondly, means by which the weaker economies in particular can be provided with balance of payments finance while they adjust to the new situation.

The IMF and other facilities devised in 1974 were little used: the international banking system proved able to intermediate these flows on more attractive terms. However, as the Governor of the Bank of England has recently warned us, it would be dangerous to rely too heavily on a repeat performance.

The persistent borrowers' market in international banking is prospectively a worry. The market has been floated on a sea of funds provided partly by excessive central bank interventions, but credit-worthy lending opportunities have not appeared at the same rate. Some alternative facility, or perhaps some form of international credit guarantee on suitable conditons, will be needed simply to avoid undue banking risk. A facility which also provided for smooth currency substitution for official holdings would help to tackle the exchange market side of the problem.

Such a facility will not stand much chance unless it meets the needs of the potential providers of funds: the OPEC countries—or at least those of them interested in helping to preserve international stability—must have a bigger voice than in the past; but a first initiative could quite appropriately come from the Tokyo summit.

Severe strains

At the same time, the summit could well give some attention to developing more orderly monetary relations between themselves. The massive interventions of recent years—and especially of 1978—have left large problems behind. Within the European monetary system, which is still unproved under real stress, it is a fundamental point that domestic policies are the real source of adjustment, and that intervention simply buys time.

Experience has already thrown up one problem: within such a system the "weaker" currencies — those requiring high interest rates—tend to be paradoxically strong. This could create severe future strains. It is possible that the technical proposal from the IMF staff that intervention should be targetted where necessary on forward rather than spot rates would produce a more rational pattern — stable rates are desired on the broader stage, better co-ordination of domestic policies is essential.

The Shadow of Iran

THE SHADOW of the Iranian revolution hangs heavily over the Middle East as the most important current destabilising factor in the volatile region. Directly or indirectly, it has been responsible for the recent internal troubles in Iraq and Syria, the two Arab countries most shrill in their denunciation of President Sadat of Egypt and his peace treaty with Israel. These troubles have diverted attention from the failure of Egypt and Israel so far to agree even on an agenda for their talks on the autonomy of the West Bank and Gaza Strip.

Border clashes

Iraq was always apprehensive about the Iranian revolution. The majority of its population are, like most Iranians, Shiite Moslems, but the Government is drawn from the Sunni Moslem minority. The regime feared that Ayotollah Khomeini would stir up resentment among the Shiites of southern Iraq, and that the flourishing separatist movements in outlying parts of Iran would lead the Kurds, who live in both countries, to revive their opposition to rule from Baghdad. These anxieties have been justified. The Iraqi Government has put some Shiite leaders under house arrest, setting off protest demonstrations; and it has had renewed trouble from the Kurds. Its relations with Iran are now bad and there have been clashes along the border of the Iranian province of Khuzeston, the Arab-populated area where most of Iran's oil lies.

The troubles in Syria where more than 50 army cadets were recently massacred by Moslem extremists reflects the delicate sectarian balance in that country and the latent jealousy which President Assad's apparently secure regime has fostered among those who do not think they have done well by it, either economically or politically. But there is little doubt that the Moslem Brotherhood, which appears to be responsible for this and other attacks on the small Alawite sect which dominates the country, has drawn encouragement from the example of Iran to take violent action.

Setback

So it is not surprising that Iraq and Syria were last week unable to agree on the merging of their two countries into a unified state with a single government. Since this was goal they set themselves last autumn it must be accounted something of a setback, while the value of the remarkable rapprochement the two countries have achieved since then after years of almost relentless hostility is weakened for the moment by their internal problems. This weakens the Baghdad-Damascus axis which is leading the bloc of Arab states opposed to President Sadat.

However this is not a reason for Mr. Sadat to relax in the belief that he has successfully defied the Arab opposition to the peace treaty. Egypt and Israel are committed to reach an agreement by March next year on the form of autonomy for the Palestinians of the West Bank and Gaza Strip. There is no need to despair yet at the total lack of progress in these talks, of which few substantive sessions have been held, but the omens are bad.

Sanctions

Israel's negotiating team is unconstructive in attitude and unwieldy in composition, while the Israeli decision to build the Eilon Moreh settlement on the West Bank and its plans for two more settlements can be taken as clear indications of how little Israel really proposes to concede to the Palestinians. Egypt has few good bargaining cards left to use against Israel. As the year goes by the onus will increasingly be on the U.S., which is party to the talks, to step in and force concessions out of Israel.

For without some very substantial progress in resolving the Palestine issue Mr. Sadat cannot expect Saudi Arabia and the rich Gulf states to run the political risk of resuming the flow of aid, investment and tourist payments which account for the relative prosperity of the Egyptian economy. As the effects of Arab sanctions make themselves felt, especially on the increasingly important private sector, Mr. Sadat may find he does not have much to show the Egyptian people for peace. The stability of Egypt and all the other states in the Middle East is inter-related; with or without the Iranian revolution there can be no security in this crucial oil-producing area without a fair settlement of the Palestinian issue.

Britain faces a bad rise in unemployment

BY ANATOLE KALETSKY

UNEMPLOYMENT, which has been on the sidelines as an issue in Britain throughout the tenure of the Labour Government and during the recent general election campaign, is due to make a comeback as one of Britain's biggest political and economic problems.

Once the Labour Party and its trade union supporters overcome their guilt feelings about having allowed a near-trebling of unemployment during Labour's period in office, they may start drawing attention again to the grim social effects of unemployment. These are now arguably worse than ever, despite a slow fall in aggregate unemployment over the past two years, which is reflected in June's unemployment figures, published yesterday. Long-term unemployment is still rising and the regional disparities in unemployment are becoming increasingly marked.

Most important, it now looks as if there is much worse to come. As the world braces itself for another energy crisis, and while the strength of sterling further weakens Britain's manufacturing industry, the Opposition will not even have to seek arcane statistics to embarrass the Government on unemployment. It is now almost certain that the aggregate unemployment figures will soon start rising again. And the electorate may be shocked out of its current indifference to unemployment when it discovers just how high these figures are likely to be.

A claim made in Parliament last week that the Treasury was forecasting 3m unemployment over the next few years was only weakly disputed by Mr. James Prior, the Employment Secretary. The fact that such a prediction, even if only rumoured, did not make the headlines may suggest that the character of unemployment has changed since the 1960s.

The Black Economy and the social security system between them may have made mass unemployment more tolerable than it used to be. Perhaps moonlighting makes the figures look worse than they really are and there is no doubt that the trade unions are far more concerned about pay rises for their members in work than about jobs for the unemployed. 1974 after the oil crisis economic forecasters predicted cataclysmic unemployment.

When output collapsed in clysmic unemployment. Over the 20 years up to 1973 the labour force had grown by an average of 69,000, or 0.3 per cent per year, while productivity had increased by 2.5 per cent a year, so that an average annual growth rate of 2.8 per cent was required to keep the number of jobs available growing in line with the labour force. But in 1974 GDP actually fell, for the first time since the Korean War, while the growth in the labour force accelerated to over 200,000 a year. Past productivity trends indicated that unemployment was bound to rise above 2m by 1977. Instead it peaked in September, 1977 at only 1,435,000.

The surprisingly modest level of unemployment was due to an unprecedented collapse in productivity throughout British industry and especially in manufacturing, which was hit hardest by the recession. Many of the industries that sustained the biggest falls in productivity after 1973 were also the ones that faced the toughest foreign competition, because their output fell most abruptly as world trade declined. Between the third quarters of 1973 and 1975, for example, output per employee fell by 3.9 per cent, but in vehicle manufacturing it fell by 7.6 per cent while in metal manufacture it plummetted by 23.4 per cent.

Productivity falls

Why did industrialists accept huge falls in productivity instead of shedding surplus labour after 1973? Government job subsidies, which currently support about 250,000 jobs, account for only a small proportion of the 700,000 of "excess" employment, especially since many of the jobs supported would probably still have existed without government assistance. The costs of declaring redundancies are high, but have not grown significantly in real terms since the late 1960s, so this factor cannot explain employers' increased reluctance to sack their workers. In fact twice as many jobs were eliminated in the relatively mild recession of 1971 as in the current slump. Political pressure to preserve jobs wherever possible was probably mainly responsible. Two of the biggest victims of the slump, British Steel and British Leyland, were nationalised industries.

Whatever its causes, the collapse in productivity after 1973 accounts for the very hesitant decline in unemployment since its peak in September, 1977. Although GDP has grown by over 3 per cent since then, employment has risen by about 1 per cent and unemployment has only fallen by 150,000. This month's figures may be the last mildly cheerful unemployment statistics for a long time.

On top of the poor economic prospects, a demographic quirk will exacerbate unemployment over the next five years. In addition to the large number of teenagers born in the late 1950s and early 1960s who have been swelling the labour force since 1973, the generation of men who are now coming up to retirement is the exceptionally small one born during the 1914-18 war. So despite a fall in the rate of increase in female employment, the working population is expected to go on growing by around 200,000 a year until 1985.

Tragically, unemployment is set not just to rise, but also to become increasingly painful. The aggregate figures give no idea of the changes in the nature of unemployment that the length of the present recession has produced. Even though aggregate unemployment has been falling slightly, the number of people unemployed for over a year has been rising steadily to 347,000, which is more than the total level of unemployment in the mid-1960s.

Long - term unemployment always goes on rising after the turning point of aggregate unemployment. But in the current recession the situation has been worse because almost the whole of the increase in unemployment, at least for men, since 1974 has been due to its increasing duration. The number of men actually joining the dole queues each month has remained remarkably stable, around 230,000, since the early-1970s, but the median period they remain out of work is now over 20 weeks.

When employers shrink from making their existing workers redundant, young people just joining the labour force naturally suffer most. Since 1974 unemployment has been rising much faster among teenagers than among adults. By 1977 male teenage unemployment, excluding school leavers, was over 9 per cent, even though government job subsidies have helped to employ 150,000 teenagers. Since then it has fallen. But in March this year there were 31,000 school-leavers still looking for their first jobs after nine months on the dole. This is three times as high as the pre-1974 record.

Sharp regional differences in unemployment, which are becoming more pronounced all the time, have obviously exacerbated the social costs of unemployment. They have also made unemployment less effective as a moderator of wage claims in relatively prosperous areas. The preference of both employers and union leaders for national pay bargaining means that local unemployment conditions are inadequately reflected in pay levels. London and the South-East, where unemployment is only 3.7 per cent, still suffers notoriously from labour shortages. At the last count there were 1.09 vacancies for every skilled engineering worker unemployed in the South East. But in the North, where unemployment is 8.4 per cent, there were four unemployed engineering craftsmen for each vacancy.

Any aggregate figures of skill shortages give little idea of the damage they cause because the specialisation of engineering trades, reinforced by restrictive practices, is such that the lack of a handful of craftsmen with exactly the right experience can sometimes lead to hundreds of redundancies among unskilled workers and even factory closures. Despite this, unions often resist attempts by employers to introduce accelerated training on the job or to take on craftsmen trained at government skill centres, rather than through apprenticeships.

At the same time qualified craftsmen are giving up their trades. The most important reason for this is narrowing differentials. But surveys have shown that craftsmen are also discouraged by the lack of promotion opportunities and the second-class status of skilled manual workers, even compared with relatively junior white-collar staff. Craftsmen also have the misfortune to work in highly cyclical industries that offer little job security. For example in 1977 mechanical engineering accounted for 11 per cent of all redundancies in Britain, although it employed only 4 per cent of the total workforce.

Resistance to new technology has also probably aggravated unemployment. In the past technological progress has normally created more jobs than it displaced. A study of 82 industries carried out by the Department of Employment last year showed that the 10 industries with the fastest growth of output all produced above-average increases in employment and that nine of them had above-average rates of productivity growth.

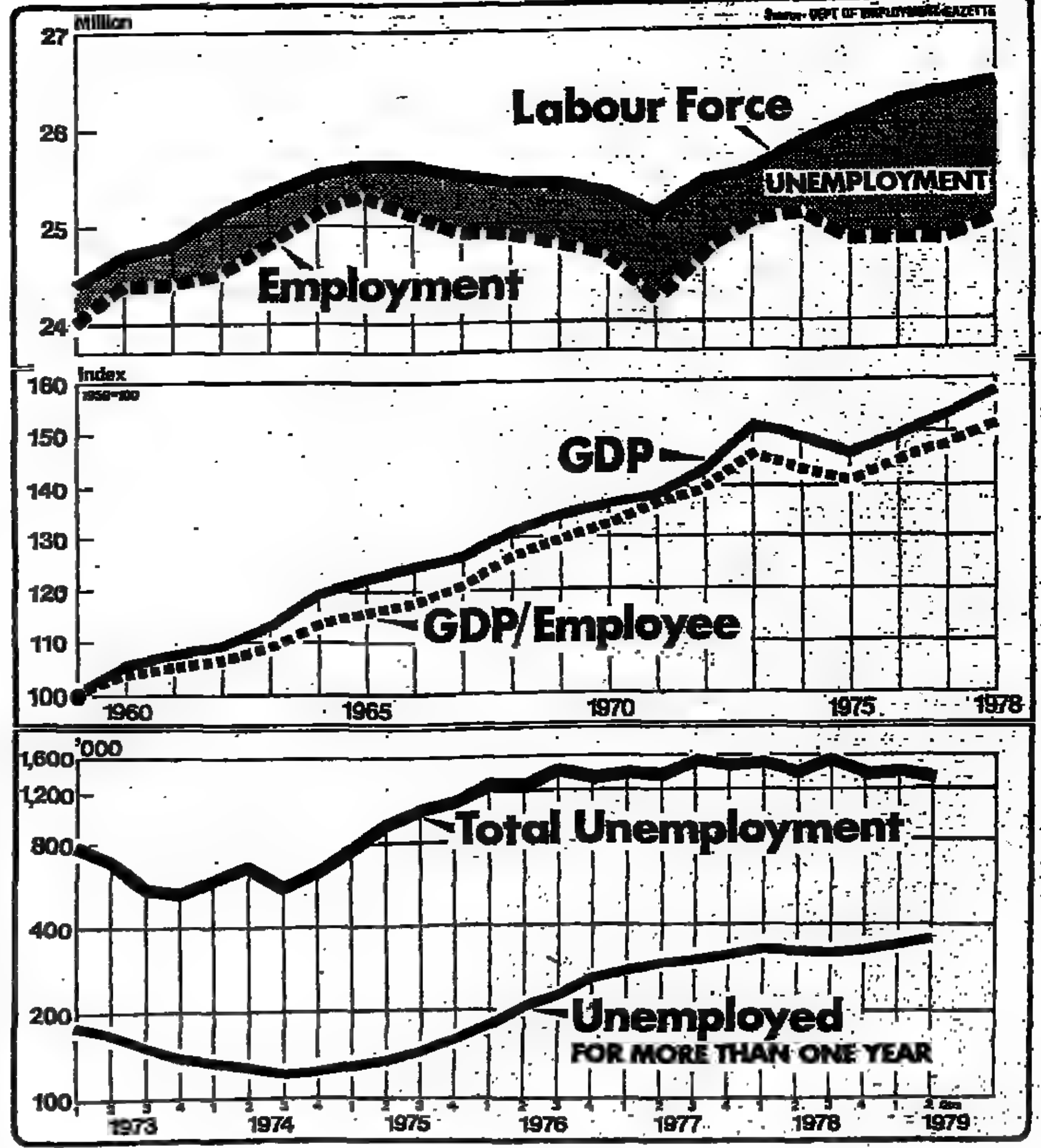
The cause of unemployment is simply that current demand for British goods is far too low to keep the present working population efficiently employed. If productivity had gone on growing after 1973 even at its relatively sluggish historic rate, either unemployment would now be over 2m or Britain's national income would now be much higher than it is. Instead Britain has suffered the worst of both worlds—unacceptably high unemployment and economic stagnation.

Some economists blame imperfections in the labour market—closed shops, abuses of union power and minimum wage laws—for keeping real wages too high and productivity and output too low. Others blame tight monetary and fiscal policies for restricting demand, though they admit that precarious trade balances gave the Government little choice. In effect the two approaches are not very different—to make industry internationally competitive, Britain needs lower costs, which can be achieved either by a direct wage cut, by devaluation or, indirectly, by the denial of consumer choice through import controls.

Unfortunately only a very sharp increase in output would be sufficient to make inroads into the current level of unemployment and only a sharp fall in real labour costs would normally produce such an increase in industrial activity. Hence Mr. Wynne Godley's view that unemployment would only be reduced to 1m by 1985 by an annual growth rate of 5 per cent, which would be unprecedented in British experience, coupled with general import controls and a huge programme of public sector investment over the next 10 years.

Barring such extreme solutions, a surge in unemployment seems inevitable, though not to the levels of around 4m that Mr. Godley has predicted on the basis of the grimmest extrapolations of recent rates of import penetration and productivity growth. In the recession that is now looming, British manufacturing industry simply cannot afford to shelter jobs in the way that it did between 1974 and 1977. Most forecasters predict unemployment of around 1.7m next year with worse to come thereafter.

The biggest challenge facing the new Government is to find an employment policy that will ease the transition of Britain's manufacturing industry from its low productivity, low growth and high employment past to a future of high productivity, with potential for growth in output and, ultimately, perhaps even in manufacturing employment.



THERE ARE 185,300 adults without jobs in North West England, the archetypal industrial region. One of them is Ray, a 27-year-old, with a wife and two children aged 8 and 5: he has now been out of work for 2 years. Whatever skills he possesses are limited. They are encompassed by experience gained as a driver-warehouseman. He has not sought wider training. The North West has many like him. His unemployment is voluntary, in the sense that he chose to leave the job, he believed he could find another. "I was taking home £32 a week and on that sort of money it was impossible to keep a wife and two children, even two years ago. I then discovered I was drawing more money in benefits," he says.

"Two or three times" a week he sets out in search of a job. He draws £39 a week in benefits and claims that the jobs offered were worth no more than £40-£42 a week after tax. His wife does not work: "she is a housewife," he says.

MEN AND MATTERS

Lost: that old concordate

Barring a late-night peace move, there will be a droll manifestation of union militancy at the House of Commons this morning. The staff at Transport House, headquarters of the Labour Party, will be picketing Parliament in support of their pay claim.

You may well wonder why the party's own disgruntled unionists wash their linen so openly. I learn that the National Executive Committee is meeting in the Commons at ten, and there will be discussing (once more) the demands of the Transport House staff for an across-the-board 28 per cent.

It would be an understatement to say that the NEC is perturbed at the lack of brotherly love within its own domain. The left-wing Dennis Skinner was yesterday saying that he would not cross the picket line. There is also a threat of resignation from Tom Bradley, chairman of the staff negotiating committee of the NEC.

Although he is himself a union-sponsored MP, Bradley is angry at the tendency of some NEC colleagues to capitulate.

The Transport House employees—a melange of several unions — have been offered 21 per cent in two stages. The picketing, if it goes ahead, will be part of a one-day stoppage, and strictly unofficial. The staff has already been expressing its fighting spirit by refusing to open NEC mail.

"If it's Wednesday it must be Tokyo"

Eastern style

As Mrs. Thatcher wings her way into Tokyo today she may well be glancing quizzically through a large sheaf of papers distributed by the Japanese authorities for the edification of those attending the Economic Summit. These include lengthy accounts of Japanese economic policy, and profiles of the Japanese finance minister and 65-year-old foreign minister Sunao Sonoda. Mrs. Thatcher may, for instance, note that Sonoda has kept fit by getting up every day at 5 a.m. to practice kendo and karate: "At the same time, he is a connoisseur of painting, and enjoys photography and the building of model trains. His most complete form of relaxation, however, is designing, building, and piloting remote-controlled model planes." When not cracking bricks or flying toy planes, Sonoda, it seems, pilots grown-up jets.

There is something strangely innocent, even touching about these documents, which wax lyrical (and are filled with glossy colour photos) when it comes to prime Minister Masayoshi Ohira. His lack of eloquence, one reads, has earned him the affectionate nickname "ah, ooh."

Oddest of all, to Western eyes, is a two-page eulogy by Ohira himself on "My Ideal Woman," which turns out—conventiently enough—to be Mrs. Ohira. She embodies, he says, many of the feminine virtues: "To others they may not seem to amount to much, but ot me they are irreplaceably precious."

Behind a traditional view of women's role which would have London feminists manacling themselves to every available railing, there is a simple tenderness. "Watching my wife," writes the prime minister, "I cannot help thinking that the important role Heaven expects women to fulfil in this: to bring revitalising streams to a world grown parched and dry, peace and tranquility to turbulent and troubled times, gentleness and understanding to a harsh and bitter life. Another important job my wife has is to see to it that the house and garden are kept clean."

Chartered flights

How long will it be before British chartered accountants bow to the inexorable logic of internationalism, and start corporate advertising? The Institute of Chartered Accountants told me yesterday: "There is at present no relaxation in our rules." These rules limit firms to recruitment advertising, with the name of the recruiter in discreetly small type.

But since last year, matters have been very different in the United States. Advertising by accountancy firms has become big business there—and the U.S. offshoots of British firms are perfectly free to cry their wares in journals which circulate here.

It is perhaps the U.S. example which is luring some firms into a more aggressive approach. I learn that there have been murmurs to the Institute about an advertisement by Josolyne Layton-Bennett. Intrinsically concerned with recruitement, it carries a bold headline, "Right from the start," and a surfer skimming over the waves.

That may be surfing ahead of the rest, but accounting has certainly been one of the growth areas in financial public relations in recent years. It can also be argued that medium-sized firms, such as Josolyne Layton-Bennett, have suffered a lot lately from the sophisticated growth techniques of the Big Eight.

The Institute has been engaged in somewhat desultory exchanges on the advertising dilemma with the Office of Fair Trading; I gather that the office has lapsed into silence for more than a year.

One of the biggest of the City's accounting firms, Touche Ross, has this month been joined by George Westropp, a financial public relations man. His title: Director of Public Affairs. He was at some pains, when I spoke to him, to stress that his purpose was in no way to test the limits of the Institute's "ethical guide."

"It is a different game altogether in the U.S.," he said. However, he conceded that some firms in Britain had become a little more aggressive.

Shouting tne news

I have just discovered a solution to the dispute at *The Times*—not only that, my solution will have made the Post Office happy too. In the course of some desultory reading, I stumbled upon the case of the Telefon Hirmondo, "published" in Budapest between 1893 and 1930. The Hirmondo had 6,000 subscribers, each of whom had a phone line to its office and paid 18 florins (one penny) a day for twelve hours of access.

A contemporary account (1927) described the process: "News is collected at the central office in the usual journalistic way by telephone, telegraph and reporters. It is reprinted by lithography on strips of paper six inches wide and two feet long. These strips are handed to "Stentors" or men with powerful and trained voices who read the contents into transmitting instruments in the offices, whence it flies in all directions to the ears of the subscribers."

A published programme of times when the Budapest citizen could hear the Hirmondo's news, features, leaders and jokes was closely followed.

Observer

End of the banana republics

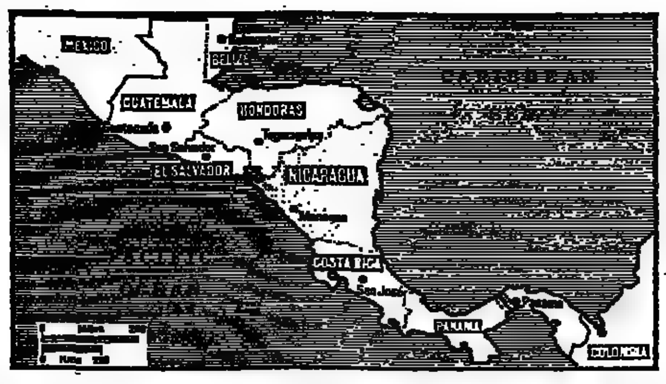
By DAVID BUCHAN and HUGH O'SHAUGHNESSY in Washington

CARTER like almost incoming U.S. President past 20 years, under- make a fresh start to s with Latin America. lived up to it more st. But fear of Cuban on still strikes the U.S. system. The Nicara- risis has again raised m of "another Cuba," on the right-wing, but ely more veiled manner Administration itself. It a question entirely Washington and a alone: similar prob- uld easily arise in the with other Central n countries.

oncern that victory for dinista guerrillas in loody slugging match failing dictator, Presi- astasio Somoza; might power on the Central n mainland an avowedly pro-Cuban regime. In Mr. Carter's recent to Congress. Giving al twist, he told cheer- gressmen and Senators had warned President of the Soviet Union ban-sponsored or sup- activities—not only in but closer to home in ribbean and Central —could gravely affect wer relations.

oncern led on to last nitiative in the Organi- f American States. Mr. ance, the Secretary of upled a call for Presi- moza's immediate de- with the controversial for an OAS peace force in Nicaragua, the ng to bolster a new ent of moderates with pouring out from a and guns pouring in ly from Cuba), what nce called a war of destruction was clearly for international .

S. had not been totally up to then. It had put on the Somoza regime, off U.S. economic and aid, and blocking an International Monetary Fund loan to Nicaragua on impeccable technical grounds, but for blatantly political reasons. However, when Nicaragua later this year was granted a standby IMF credit, the U.S. let it go through. Washington felt the IMF principle of political impartiality was more important than the extra, and probably unavailing, amount of pressure on President Somoza.



NICARAGUA

Founded in 1838 upon breaking away from the Central American Federation set up when Spanish rule was extinguished in 1821.

Under U.S. tutelage in 1912 when U.S. naval forces intervened in a Nicaraguan civil war. U.S. marines withdrawn in the 1930s.

Area: 49,800 square miles (128,900 sq. km). Population 2.4m (1978)

GNP (1977) $2,145m, $929 per head

Major exports (1975): Cotton $98.5m, coffee $48.9m

OAS fears

Most Latin American members of the OAS are pleased that the U.S. has at last seen the obvious: that the Nicaraguan regime had to go. But they were disturbed by the idea of OAS military intervention, particularly one proposed by the U.S. and in which it might take part. That conjured up ghosts of U.S. marine landings which the Carter Administration had set out to lay. The very suggestion was enough to remind Latin Americans that the U.S. still tends to see the Western hemisphere and its problems through the lens of East-West ideological competition, displaying a worry about Communist Cuba that few of them still share.

The U.S. withdrew the idea of armed intervention once it became 2crystal 2clear that it was not going to prosper at the OAS. Instead, Washington joined a group of Andean and Caribbean countries in sponsoring a resolution last Saturday condemning the Somoza regime, but at the same time calling for scrupulous respect for the principle of non-intervention. Mr. Vance and his State Department (who privately now ascribe the idea of intervention to Mr. Zbigniew Brzezinski, President Carter's security adviser, say their diplomatic aim has been achieved now that a majority of 17 countries against two in the OAS has agreed that General Somoza must go.

But the U.S. proposal may backfire all the same, as did initial U.S. criticism of the Ayatollah Khomeini in Iran which did nothing to stop him taking power and adopting an anti-American stance in Iran. The guerrillas, emboldened by growing diplomatic support, say they now have all the more reason to push on to military victory.

On the other hand, an eventual Sandinista victory, which Washington may now have to accept, may turn out much less nightmarish than the right wing has painted it. Representatives of the Sandinistas and the provisional Government set up in Costa Rica strongly resist being labelled "Cuban puppet." They point to the fact that only one member of the five-man provisional Government, Sr. Daniel Ortega, is an avowed Marxist. The others are the widow of a conservative party leader; a leading Nicaraguan businessman; a left of centre intellectual; and a professor of physics. The last three were educated in the U.S.

While Marxism is rather more common among the ranks of the Sandinista guerrillas than in the provisional Government, it certainly is not the majority line. In a guerrilla movement which until recently was very badly split ideologically, the leading role has always been played by the so-called Terceristas who have borne the brunt of the fighting and from whose ranks has sprung Sr. Eden Pastora, the overall Sandinista commander. He is understood to be committed to the holding of genuine elections and to oppose the ideas of some members of the smaller factions which have wanted to thrust undiluted Marxism-Leninism down Nicaraguan throats.

Changed times

The days are in any case gone when the U.S. could act alone in its Caribbean and Central American backyard—as it did in Guatemala in 1954, at the Bay of Pigs in 1961, the Dominican Republic in 1965, and further afield (though without direct military intervention) in Chile in 1970. It is barely conceivable that the Carter Administration would take unilateral action to ensure that the Nicaraguan Government was to its taste.

True, the U.S. Army says it is drawing up contingency plans for a 100,000 strong "quick strike" force that could operate at short notice in crises or hot spots outside the Nato area. This could testify to a waning of post-Vietnam inhibitions about using U.S. military power, but such a force would apparently only be used to protect vital strategic interests such as oil routes.

The Carter Administration has shown a preference for acting through proxies, as it could when France and Morocco took the lead in helping Zaire last year against what the U.S. initially termed a Cuban-supported rebellion in Shaba. It has all the more reason to do so in an area where there is the multilateral machinery (albeit creaky and often ineffective) of the OAS. It is also the view of some Americans like Senator Frank Church, chairman of the U.S. Senate Foreign Relations Committee, that the U.S. can tolerate a degree of instability in many parts of the world, and "should not try to cap every volcano and suppress every storm."

Yet there are some U.S. officials who argue that however distasteful the methods used by the U.S. in the Dominican Republic in 1965, they had the merit of preventing that country going down the Cuban road. Mr. Harold Brown, the U.S. Defence Secretary, does not share that view. But he did claim publicly over the weekend that Cuba was supplying guns, military advice and training to the Sandinistas. This is seen here as part of a wider pattern of countering Cuban interference in the region, though the only instance of such interference usually cited is Havana's quick befriending of the new regime in tiny Grenada at a time when Western countries were slow to give their support to the leaders of the coup there in April.

President Carter's dilemma over Nicaragua is made worse by the fact that some of his best Latin American friends—Costa Rica, Venezuela and Panama—are actively aiding the Sandinista movement. In the case of Panama, which has raised a volunteer brigade for the Sandinistas, and through which some Cuban arms are said to have passed on their way to Nicaragua, the U.S. Administration has had compelling domestic politcal reasons not to point an accusing finger.

Last week's killing by a Somoza National Guardsman of an American TV reporter may have turned U.S. public opinion against the Nicaraguan dictator. But General Somoza, a West Point graduate among other distinctions that endear him to the American Right, still has his share of friends in the U.S. congress.

Last ditch

The pro-Somoza lobby in Congress overlaps in membership with the opponents of the Panama Canal treaties. These treaties were ratified last year by the Senate. But conservatives in the House of Representatives tried and last week only barely failed to scupper legislation to put the treaties into effect. Their last ditch argument was Panamian meddling in Nicaragua. It is an argument that may damage the implementing legislation, which has yet to pass the Senate.

Sandinista guerrillas under fire in Managua.

President Carter has put the treaties — which will give Panama sole control of the canal by AD 2000—near the very top of his foreign policy agenda. No other issue has symbolised more to Latin Americans that he has changed the old paternalist ways of the U.S. It has required courage, for perhaps no foreign policy initiative of his has been less popular at home. Mr. Carter's two predecessors in the White House were only too glad to let the treaty negotiations drag on without conclusion. The attitude to the canal that "we built it, we paid for it, it's ours," is widespread in the U.S., reminiscent of a similar British sentiments in the past about the Suez Canal.

The abortive suggestion of OAS intervention in Nicaragua was a diplomatic *faux pas*, probably not much more. But *gaffes* of that kind could undermine the goodwill engendered by the canal treaties in Latin America. Nor are these the only irritants in hemispheric relations, always sensitive despite Mr. Carter's effort to improve bilateral ties, particularly with middle rank powers like Venezuela, Mexico and to a lesser extent with Brazil.

His attempts to prevent nuclear proliferation and to improve respect for human rights have borne heavily on Latin America. Brazil and Argentina are trying to develop nuclear power in a big way and many more Latin American countries infringe human rights. The U.S. believes its human rights policy has at least given some elbow room to political opposition groups in the continent. But that has not made those in power in Latin America like Mr. Carter any the better.

Letters to the Editor

ste of tricity

r. N. Barnes.

Mr. Muir (June 7) con- he waste of energy when stations generate elec- lone: Some 65 per cent heat input from the oil and hard won coal n some way or another many cases a large pro- of the heat could be r district heating if ere to be used for com- eat and power (CHP). ewsbury (June 14) indi- at there are signs of a approach by the elec- supply industry in this who seem to have had sitancy in the past to gorously into this field. understood when view- background of the . The present monopoly origins following World o with the main objec- economically providing ty and when it was con- with the major task of ating and standardising tricity supply system in ntry. This task has been omplished.

organisations have a y to become ends nselves. Consequently governments of our artner countries on the d of Europe might posi- ncourage CHP, we find our country there is a d disincentive for elec- production because of y and monopoly nts.

Local Government (Mis- ous Provisions) Act 1976 a local authority to and-sell heat but with to electrical energy it is ermitted to sell it to the ity supply monopoly. our years ago the Elec- Council published its towards private genera- d the terms for purchase tricity. Under that policy ce to be offered per kWh e between the producer's nd, as a maximum, the supply marginal cost of tion, i.e. fuel cost only. way the monopoly always to profit while the pro- bears the capital and gs costs, possible losses ly a portion of any profit. market rate were to be for the electricity then would be some incentive erate.

Jewsbury refers to the f municipal garbage as a The calorific value of un- refuse is nearly half that l and some 24m tonnes of has to be disposed of each by local authorities in Britain. Local authorities ermitted under Statute to ate electricity by burning , although the energy be offered for sale to the icity supply industry.

nett amount of electricity ble for sale from 1 tonne unicipal garbage could be 400 kWh but a CHP plant es a very much higher ll thermal efficiency which about double this amount efully recuperated energy. ith CHP we are not treading h unknown to engineering working in a field which is tially hazardous. It pro- manufacturing and oyment opportunities in ral engineering. The g in energy is assured. y disincentive by Statute or opoly needs to be removed urgently and consideration again should be given to the attitudes of other successful countries who encourage sound engineering ideas for their own intrinsic worth.

N. Barnes,
23, Bennetts Way,
Croydon, Surrey.

Publicising bank charges

From Dr. Alan L. Mackay.

Sir,—When negotiating a service, such as a taxi-ride, one ascertains the tariff and then accepts or rejects the offer. The clearing banks, being custodians of their customers' money, are in a unique position, of which they do not hesitate to take advantage, of debiting whatever charges they think fit, without negotiation.

Bank charges for current accounts are now published, although on an earlier occasion my bank manager declined to say what the schedule was, but other charges are steadily increased to sums which sometimes appear excessive in comparison with the amount of work involved. I refer in this instance to a charge of £10 levied for applying for the certificate for the bonus shares due for the holder of Shell bearer shares held by the bank and consequent on the recent halving of face value.

It would be useful if banks published a tariff of charges for their main services, so that customers could decide which they would avail themselves of as being good value and arrange their affairs accordingly.

Alan L. Mackay,
22 Lanchester Road, N6.

A ticket to steal

From Mr. Wilfred King

Sir,—Every week millions of law-abiding motorists are pushed, pilloried, and pounded to use costly off-street car parks but never receive real protection against the theft of their vehicle or its contents.

The near monopoly of large-scale car parking is shared between one major company and local authorities who provide multi-storey facilities. The displayed and implied terms of this autocracy solely sets out to disclaim all responsibility in a manner no other service or business could legally justify.

Although charges are now as high as £7.00 for 24 hours you literally enjoy no protection for your vehicle. In the major garages I have visited there is not even a warning notice to say thieves will be prosecuted for stealing a vehicle or its contents. Yet all major chain store groups display prosecution notices warning of fines up to £2,000 and possible imprisonment for shoplifting. But for "car-lifting" at today's average of over £4,000 per car there is no such displayed deterrent. Even more inconceivable is the comparison with any ordinary dry-cleaning shop who ask you for your name and address before giving you a ticket for an item worth a few pounds.

In the days of silicon chip tickets, even anti-theft devices in the necks of garments, it is quite clear many long overdue precautions can and must be taken. Everyone from the police downwards admit certain car parks are almost an invitation to steal and as long as the organisations and authorities concerned can just print disclaimers on £7.00 a day car park tickets, and take no risk, they will do so.

Assuming the honesty of the staff at car parks it is blatantly simple to select and steal at leisure any car you want. As a simple example a major underground car park at Euston has no control at all to prevent idle thieves wandering round at will selecting the car they can burgle, driving it out, and handing in a ticket for a near-worthless banger they have parked in exchange for say a £5,000 car.

This has all been made childishly simple now, at Euston and most ticket machine entry controlled garages, as no one identifies you or your vehicle when you arrive and you can just drive out giving up a ticket with no car identity on it at all.

A quite elementary precaution, which should be made obligatory on all garages using ticket entry systems, could be introduced to act as a positive control. As a back-up there must be prominent prosecution and fine warning signs.

I am now encouraging support through the Office of Fair Trading, police authorities, local authorities and insurance companies that a stringent licensing system ensuring certain protections for the motorist are introduced.

The days of a licence to print money by some car park operators without any liability must be stopped and their operations brought into line with normal business practice and be fair to both sides. Based on my own world-wide travel experience over the past 30 years our security standards in our car parking facilities fall far short of those in other major countries.

Wilfred King,
17, Hargate Close,
Tunbridge Wells, Kent

Subsidised company cars

From Ms. Pamela Johnson

Sir,—In conjunction with the Budget the Government announced that the allowance on more expensive company cars was to be increased. With major cuts in taxes, especially at the upper end of the scale, a complementary reduction in tax-deductible perks, sanctioned particularly to make up for high taxation, appropriately could have been part of the package.

Not that the bee in our bonnet is anti-perk. But the new Government are pledged to eliminate subsidies where possible, and another way of describing the decision to increase the company car allowance is to say the subsidy to company cars has been increased. These subsidies, both the past and the recently enlarged ones, have very profound effects on our transport situation, deserving attention.

We say if the subsidies given to company cars perhaps were eliminated, this could achieve two goals desired by, I'd imagine, most FT readers and many others. The most obvious is, of course, the conservation of petrol which would occur as company cars got smaller, fewer and did less mileage. This is really a crying need now since cars have not done their share in lowering oil demand: "the transport sector, almost entirely dependent on petroleum as its fuel, has steadily increased its share of petroleum consumption from 40 per cent in 1970 to just over 50 per cent in 1978." All other types of petrol users have cut back, but in 1977-78 the transport sector increased its use of petroleum by 5 per cent. (Quotation and figures from *Transport Report, June, 1979.*)

The other benefit would be immediately tangible — a pleasanter London. Fewer car commuters in London (only 17 per cent of London's commuters come by car and probably almost all are in company cars) would mean less congestion, fumes, danger and so on as well as better bus services.

Somehow the connection has not often been made between staff shortages and the unreliability and slowness of buses. But it is there and it is this: bus drivers say that traffic congestion which causes a bus otherwise bound to be on time to be late, now causes, as congestion has increased under the present GLC, the public to complain all day long. Work conditions have, therefore, become extremely unpleasant and people no longer want to drive a bus.

Company cars, then, as perks are one thing, but as accidental subsidies in the transport sector, quite another. Their profound but unintended effect on conservation and the quality of life need to be acknowledged and dealt with as such by the new Government.

Pamela Johnson,
Chairman, London Liaison Group,
The Conservation Society,
12, Regent's Park Road, NW1.

Free market economy

From Mr. P. J. Pace O'Shea

Sir,—The spirit of the free market economy is at last free. May I offer an example.

I park my car during the working day at the Bloomsbury NCP car park in the WC1 district of London. Until the last election I was charged £1.15 for up to nine hours parking. The day after the Conservative victory the charge went up to £1.35. Last Monday which marked the uplifting of the VAT tax the charge at this car park went up to £2.15. I suspect that for most users it will mean an increase in their company expense accounts. For the rest no doubt it will be financed out of their income tax reductions.

Well that is what it is all about.

P. J. Pace O'Shea.
13, Westchester Drive,
NW4.

Safety in the air

From Mr. E. R. C. Parker

Sir,—As an airline pilot I retired nine years ago and know nothing of the DC-10, but as a passenger I will say this:— that at times I have experienced unpleasantly abrupt rotations to climb attitude. I know that the pilots have in mind their operating procedures and gaining height quickly for noise abatement or air traffic control purposes, but one would have thought that turning a large jet at full power abruptly through even a small angle normal to its main rotation axis would set up a very strong gyroscopic force and that we are lucky they don't twist off their pylons more often.

Is there any hope of getting your Air Correspondent to use his influence so that I don't ever get rotated abruptly again? A nice, gentle transition to climb should not result in too much loss of performance for noise abatement or whatever, and in any case, one would like to see the safety of the structure and its contents put first.

Mr. E. R. C. Parker.
Villa Romani,
Calle Son Matet,
Cala Mayor,
Palma, Mallorca.

Short-sighted institutions

From Mr. G. P. Ledeboer

Sir,—In the light of the Government's refreshing attempt to cure long-term problems with long-term solutions — normally anathema to politicians for obvious reasons—it is disappointing to find so much concentration on the short term effects of the recent budget.

Having put the stock-market up prior to the election and having got both the Government and the budget they seemingly wanted, surely the institutions should be looking a little further ahead than the next few months.

G. P. Ledeboer,
Pinewood,
Framewood Road,
Fulmer,
Buckinghamshire.

Religious broadcasting

From Mr. Y. Kovach

Sir,—Chris Du[illegible]ley, your critic, was right to bemoan [illegible] insipid nature of religious broadcasting in this cou[illegible] 201. He was wro[illegible] willing to admit that the insipidness is inevitable given our broadcasting set-up. This dispiriting state of affairs is ultimately traceable to the fact that it is against the law for organisations or individuals to buy time for religious purposes. As a consequence, the broadcasters are directed to allocate at least a given amount of time to a subject called religious affairs—a token genuflection if there ever was. Also, these secular broadcasters are encouraged to retain editorial control by either producing the programmes themselves by presenting over time a judi[illegible] balance of established religious organisations or personages.

Would it be asking too much of the new Government which professes a dedication to liberty that it institute not a radical change in broadcasting but a simple experiment. This would take the form of giving a dispensation to one of the regional ITV-2 or independent radio stations, thus allowing them to sell time to religious organisations for a trial period at the end of which we can all, including your TV critic, compare notes.

Y. Kovach.
38, Lebanon Park,
Twickenham, Middx.

GENERAL

UK: TUC general council discusses campaign against Government's economic policy.

Labour Party national executive meets to discuss election of Shadow Cabinet.

Mr Peter Walker, Agricultural Minister, talks to Farmers' Club, London.

Sir Peter Parker, British Rail chairman, addresses National Union of Railwaymen's conference, Paignton

Institute of Economic Affairs publishes surveys on alternatives to state education and medical care.

Today's Events

Society of Motor Manufacturers and Traders reveals plans for reducing petrol consumption of new cars.

British Gas Corporation meets unions for pay talks.

Labour Party white-collar staff call one-day strike.

Royal Norfolk Agricultural Show opens, Norwich (until June 28).

Overseas: Second day of OPEC meeting in Geneva.

Mr. Joe Clark, Canadian Prime Minister, talks with Mr. Masayoshi Ohira, Japanese Prime Minister, before tomorrow's world summit, Tokyo.

Comecon annual economic conference second day in Moscow.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill second reading. Motions on Pool Competitions Act 197[illegible] (Continuance) Order and Social Security Revaluation of Earnings Factors Order.

House of Lords: Short debate on service sectors of British industry. Short debate on proper use of prisons to maintain law and order.

Company Results and Meetings, Page 27

BATS earnings up 8% after first six months

DESPITE the effect of a strong pound on the sterling translation of overseas profits, BAT Industries reports an 11 per cent rise in pre-tax profit from £210m to £234m in the six months ended March 31, 1979. The net attributable balance is 8 per cent higher at £114m.

Group results in sterling terms will continue to be affected by movements in exchange rates but subject to this, the directors say net attributable profit for the 12 months to September, 1979 should show a sustained improvement.

A second interim dividend of 6p (5p) is being declared, making 10.84p against 9.4p so far in the current 15-month period to December 31. The directors are to pay a third interim and say at least a similar rate of increase may be expected by comparison with last year's 5.12p final.

The third interim will be payable on April 1 next year to ordinary holders, out of profits for the year to September 30, 1979 and a special interim dividend will also be payable on the same date out of profits for the three months to December 31, 1979.

Deferred ordinary holders as well as the ordinary holders will be entitled to the special interim payment. The 20 per cent increase in the second interim in part reflects the Board's concern that the real value of dividends has been eroded by inflation and dividend restrictions.

The directors say the first half improvement was due largely to substantially better results from paper, although the inclusion of Appleton Paper Inc. in the U.S. in this six months but not in the comparative period last year, accounted for just under 60 per cent of the improvement in paper.

Tobacco results showed a 1 per cent gain but, had it not been for exchange translation factors, results would have improved by 9 per cent.

Interest charges were higher by £7m, reflecting the inclusion of the borrowings for Appleton and of Pegulan-Werke A.G. in Germany, together with increased borrowing by International Stores. Pegulan became a subsidiary of the group in October, 1978. The company is a specialist manufacturer of floor and wall coverings and plastics.

	Six months 1979 £m	1978 £m
Turnover	3,432	3,147
*Tobacco	2,078	2,034
Retail	787	747
Paper	413	292
Cosmetics	69	[illegible]
Other activities	85	5
Trading profit	239	211
Invest. income	32	29
Operating profit	271	240
Tobacco	164	162
Retail	22	21
Paper	50	26
Cosmetics	4	4
Other activities	31	[illegible]
Interest paid	37	30
Profit before tax	234	210
Tax	106	92
Net profit	128	118
Minorities	14	12
Attributable	114	106

* Including £1.16m (£1.13m) duty and excise.

Group cigarette sales volume again increased over the same period last year and sales are expected to increase in the second six months. Although profits will be adversely affected by the continuing costs of entry into the UK market and by increased operating costs in Germany, there should be a small overall improvement for the year.

In retail, sales of both Saks and Gimbels in the U.S. benefited from a successful Christmas and the opening of new stores. In the UK, food retailing remained a relatively static market.

The directors say increased turnover for Gimbels and Saks is expected to come through into profit. Although competitive pressures will dominate UK retailing margins, the improved margins should continue.

In the paper industry, the improved performances of Wiggins Teape and Appleton in the first-half are expected to continue.

Two subsidiaries have also announced their interim results.

Turnover of the Wiggins Teape Group improved from £226.01m to £252.5m in the six months to March 31, 1979 and pre-tax profits were higher at £24.8m against £16.03m in the same period last year.

The directors are declaring an interim dividend of £5m (£2m) in respect of the current 15 months trading period.

A pre-tax loss of £2.15m was incurred by International Stores in the first six months, compared with a £3.45m profit in the corresponding 27 weeks to April 1, 1978. Turnover amounted to £314.5m against £253.02m.

Results of Alliance Wholesale Grocers which became a subsidiary last June are included from June 9, 1978. Comparisons have been amended to include results of Kearly and Tonge which reverted to being a subsidiary on September 25 last.

See Lex

HIGHLIGHTS

Lex considers the full-year figures from **BAT Industries** where profits are up but the rise in sterling has been a major constraint on the growth figure. Subject to further exchange-rate movements results should show a substantial improvement this year with a small gain by tobacco, some recovery in retailing and a strong performance from paper. The possible strategy by which the Government will offer the BP shares comes under review in the light of the sharply rising price in the market. Lex also looks at the interim report from **FNFC.** **UBM Group** has come up with a £5.4m rights issue and **Fairline** comes to the market.

ISSUE NEWS

UBM rights to maintain prudent gearing ratio

A rights issue to raise about £5.4m, on the basis of one-for-five is proposed by the **UBM Group**, the UK's largest independent builders merchant.

A total of 9.85m ordinary shares are being offered at 57p each, compared with an overnight price of 72½p. The shares yesterday slipped to 67p.

The issue has been underwritten by Samuel Montague and brokers are Cazenove.

The directors confirm that results for the opening months of the current year are encouraging with profits and sales well ahead of the corresponding period of the previous year. However, they do not make a profits forecast.

In the current year the directors expect to at least maintain last year's dividend total of 4.73p on the increased capital.

They explain that the greater part of the company's requirement for capital relates to working capital needs caused by increases in volume and rising prices. The company has traditionally relied on borrowings to finance a proportion of this requirement.

However, they now want to increase shareholders' funds in order to maintain a "prudent" gearing ratio.

Acceptances should be received by July 20.

● comment

UBM's £5.4m cash call is not entirely unexpected. Having successfully climbed out of the trough of 1976 and 1977, it was always a possibility that the company would ask its shareholders for a contribution. In recent years working capital requirements had been reduced because of falling demand but now that volume has picked up, the company needs cash to finance new stock and debtors. Without a cash injection, net borrowings, which currently stand at a good 70 per cent of shareholders' funds, would be excessively high. Meanwhile, the success of the rights issue depends very much on the state of the market over the next four weeks—yesterday's 5½p drop in the share price cut the discount on the new shares to 15 per cent. Also, the historic cover is slim, a factor that could enforce dividend restraint in the future. The most attractive feature is the ex-rights yield of 10.4 per cent.

Fairline price pitched at 80p

Arrangements have been completed for the placing of 1,225,000 ordinary 10p shares, representing 35 per cent of the total equity, of **Fairline Boats**, the Northamptonshire-based builder of motor cruisers.

The shares are being placed at 80p each, capitalising the company at £2.8m. Dealings are expected to begin on July 2.

From 1974 to 1978 group sales increased from £0.66m to £3.62m, and pre-tax profits from £13,000 to £0.52m. For the half-year ended March 31, 1979, turnover amounted to £2.27m and profits to £0.28m.

In the prospectus, published today, the company is forecasting sales of not less than £5.17m for the year ending September 30, 1979, with profits of not less than £0.75m.

The directors intend to pay a dividend of 3.5p net. If the company had been listed for a full year, they would have declared a total equivalent to 7.428p gross.

Based on the expected tax charge, earnings per share amount to 13.9p.

At end-March, 1979, group net tangible assets totalled £1.44m or 41.2p per share. At that date, the company had bank balances of £0.47m and no indebtedness, compared with a net balance of £0.26m a year previous.

Roughly half of the placing will be with institutions, with the balance being taken up by distributors and private investors.

The chairman and managing director is Mr. Sam Newington, 44, son of Mr. J. T. Newington, the founder. Apart from boat building, the company operates a marina and boat hire fleet.

The placing was arranged by Barclays Merchant Bank and brokers are Hedderwick Stirling Grumbar.

● comment

As there is no comparable company, it is difficult to judge whether Fairline's placing price of 80p has been pitched at the right level, especially as the asset backing is only 41.2p. However, the company is not operating in a capital intensive industry and the track record is impressive; in both home and export markets it has consistently outperformed the industry norm. Also, the prospects look set fair with demand outpacing the ability to supply. The recent Budget tax cuts should stimulate demand still further and the company is bringing on stream an extra 25 per cent capacity later this year. At the placing price, the prospective fully-taxed p/e is 7.7 while the yield is an attractive 9.3 per cent with cover of slightly less than two.

YEARLINGS UP TO 12⅞%

Interest rates on local authority yearling bonds continued to rise with this week's batch up from 12¾ per cent to 12⅞ per cent—the highest level since mid-February.

The stock is issued at par and matures on July 2, 1980.

The issues are: Fife Regional Council (£1m), Runnymede District Council (£1m), the City of Salford (£500,000), Alnwick District Council (£250,000), Cotswold District Council (£250,000), City of Portsmouth (£1m), City of Bristol (£1.5m), London Borough of Hammersmith and Fulham (£500,000), Kirkcaldy District Council (£500,000), Colchester Borough Council (£500,000), London Borough of Hackney (£1m), New Forest District Council (£750,000), South Staffordshire District Council (£250,000), East Hertfordshire District Council (£500,000), Harborough District Council (£900,000), Derwentside District Council (£500,000), City of Wakefield Metropolitan District Council (£500,000), Wansbeck District Council £300,000), Sedgefield District Council (£250,000), Mansfield District Council (£500,000), Cumbernauld and Kilsyth District Council (£250,000), North East Fife District Council (£500,000), Lliw Valley District Council (£250,000).

87% TAKE UP MEPC RIGHTS

Roughly 87 per cent of MEPC's offer of new shares by way of rights were taken up.

All institutional holders, representing about 70 per cent of the shareholders took up their rights; almost half of private investors did not.

The placing of the rump of the shares not subscribed for went "very well" at a premiem of 2.73p over the offer price of 154p. The excess will be distributed to the original allottees.

STONEHILL SCRIP

The directors of furniture manufacturer **Stonehill Holdings** are proposing a scrip issue of one 10½ per cent preference share for every seven ordinary. The preference can either be held to boost income or sold for cash without affecting the equity stake.

The board members and their family interests, which control 66.03 per cent of the equity, intend to vote in favour of the resolution. They said yesterday that part of the Board's allocation might be sold.

In his chairman's statement with the full accounts Mr. Philip Steinberg reports that the current order book is substantially higher than a year ago and he anticipates another year of succesful trading.

STEEL BROS.

Stockbrokers W. I. Carr have placed with institutions the 18.8 per cent interest (703,000 shares) held by Steel Brothers Holdings in Attock Petroleum. The price was 137½p.

Fitzroy Inv.

With turnover lower at £304,429 against £712,434, **Fitzroy Investment Company** reduced the net loss from £102,294 to £13,339 for the six months to March 31, 1979. The directors are confident that the improvement will be continued.

There was no tax charge compared with £3,549 last time, and the net result was after extraordinary debits of £261,667 (£67,780 credits).

FNFC turns in £3.67m midway

AFTER CHARGING interest on income deferred and subordinated loans amounting to £9.05m, **First National Finance Corporation** turned in profits before tax of £3.67m for the six months to April 30, 1979. In the previous full year, a £17.86m surplus was achieved.

The result includes the profit of the consumer credit division of £4.51m (£9.51m for year). After a tax charge of £120,000 (£145,000), net surplus for the six months was £3.55m, against £17.72m in the previous year.

During the half year, the group has suffered from high interest rates which bear heavily upon the lendng and property division because of the shortfall between its earning assets and total borrowings.

The reduction of the company's involvement in property has continued. Further disposals have been made and its building-out operations have proved more successful than anticipated with higher prices being obtained on sales.

The cash generated has enabled the company to reduce its liabilities by £12.71m, after allowing for the further interest accrued in the six months.

Under the terms of the re-organisation scheme, interest qualifying for payment to the support group amounts to £12.59m and sufficient remittances have already been made to cover this amount.

This keeps up to date all interest due on income loans and enables the company to pay £7.73m of interest due on deferred loans. Unpaid interest, on which no further interest accrues, amounts to £7.7m on deferred loans and £5.55m on sub-ordinated loans.

The effect of the six months' profit is to reduce net deficiency for shareholders to £54.81m. After deducting this from a total of £78.49m in respect of deferred and subordinated loans, the solvency margin now amounts to £23.68m.

The amount of the release in the six months of principal provisions and suspended interest was £2.69m.

See Lex

Evans of Leeds advances

NET taxable revenue of **Evans of Leeds** advanced from £1.55m to £1.85m in the year to March 31, 1979, and the property investment and development group is almost doubling the dividend.

The total net payment per 25p share is lifted from an adjusted 1.309p to 2.5p with a final of 2p. Stated earnings per share are up from 4.666p to 5.633p.

Total revenue for the year rose from £2.77m to £3.25m and net revenue, after tax and extraordinary items, jumped from £788,005 to £1.26m.

Greenfields Leisure up mid-way

FOR THE six months ended April 30, 1979, turnover of **Greenfields Leisure** showed an increase from £5.08m to £7.29m and pre-tax profits are £438,000 against £326,000.

The directors say turnover in retail and wholesale divisions continues to be very satisfactory and they are optimistic about the year's result.

The first half tax charge is £228,000 (£169,000) giving earnings per share of 1.54p against 1.47p. The interim dividend is lifted from 0.6265p to 0.84p—the previous total was 1.93449p from pre-tax profits of £990,000.

The group, formerly Greenfield Milletts, trades as a retailer and wholesaler of leisurewear and camping equipment.

● comment

Competitive pricing and the cold winter has worked wonders for Greenfield and interim profits are up some 34 per cent. The transport strike disrupted supplies but nevertheless group sales still notched up a 44 per cent gain. Fourteen new branches will be added this year raising net selling area by about half, though most of the benefits to profits will not show through to next year. This continuing provincial expansion is timely as Greenfield's West End stores are facing a decline in tourist spending. Second half prospects are favourable though the intention to absorb part of the VAT increase may have an impact on overall margins. Outside analysts are aiming for profits of around £1.35m and a gross dividend of 3.7p per share. The shares have performed well since last March and at 79p the prospective p/e (fully taxed) is now up to 15.1 while the yield is around 5 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Avana	2.35	Oct. 1	0.59	3.5	1.1
BAT 2nd int.	6	—	5	—‡	14.52
Bond Street Fabrics int.	Nil	—	0.75	—	2.9
Caledonian Ass. Cinemas	5	—	2.62	6	3.62
Countryside Props. int.	1.4	Sept. 10	1.01	—	2.68
Derritron	0.26	Aug. 31	0.23	0.81	0.73
Dhamai Holdings	4	Aug. 29	4	4	4
Equity Consort Inv.	7.75§	Sept. 12	7.25	10.75	10.25
Evans of Leeds	2	—	0.81	2.5	1.31*
Giltspur 2nd int.	2.3	Sept. 18	1.9	3.5	2.9
Greenfields Leisure int.	0.84	Aug. 3	0.63	—	1.93
Halma	0.85	Aug. 17	0.13*	1.38	0.67*
LCP Holdings	3.2	July 13	2.79	5.5	4.79
Property Hldg. and Inv.	4.5	—	4.04	7.6	6.6
Trident TV int.	1.1	Sept. 4	0.93	—	3.16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Making 10.84p (9.4p) so far for 15 months to December 31. § Gross payment.

Good second half lifts LCP to record £6.1m

[second-half profits rising from £2.11m to n, LCP Holdings finished year to March 31, 1979, with record taxable surplus of n, compared with £4.22m.

midway, profits were r at £2.81m (£2.11m), but directors then said that, st the current background industrial and economic unnty, it would be difficult to rise profitability in the d half.

for the year took £2.03m, st £0.74m. The net final dividof 3.2p per 25p share lifts total to 5.5p (4.79p). A oneo scrip issue is also sed.

re is an extraordinary of £7.04m (£17,000), which rises: surplus after tax on of LCP Homecentre activiand associated properties ; terminal costs on disued operations after tax £509,000; and surplus on ption of debenture stock revaluation of investment 0 (£17,000).

ed earnings are 13.8p) excluding extraordinary items. Net asset value is given as 142p, compared with 110p.

The trading estates at Pensnett, Stourbridge and Willenhall were valued at March 31, 1979, at open market value on an existing use basis at £29.58m. This represents a surplus of £4.08m over book value.

	1978-79 £000	1977-78 £000
Turnover	182,703	139,444
Construction	8,690	6,612
Distribution	46,154	41,764
Engineering	12,288	12,037
Metals	20,013	18,094
Property	2,773	2,178
Vehicle distrib.	79,939	46,967
Overseas	2,688	2,091
Homecentres	10,198	9,791
Trading profit	7,833	5,913
Construction	556	388
Distribution	671	583
Engineering	82	542
Metals	940	801
Property	2,285	1,665
Vehicle distrib.	2,541	1,350
Overseas	104	112
Homecentres	654	472
Develop. dealing	801	—
Interest	2,077	1,697
Profit before tax	6,064	4,222
Tax	2,027	740
Net profit	4,037	3,482
To minorities	2	*9
Extraord. credit	7,042	17
Dividends	1,714	1,141
Retained	9,367	2,349

* From minorities.

At the year-end, investment properties totalled £29.58m (£22.36), while other fixed assets stood at £11.81m (£13.27m). Net current assets were up from £3.64m to £12.9m.

● **comment**

First-time contributions from acquisitions and higher prices were factors behind LCP's 31 per cent sales jump though the major feature was an almost across the board volume growth. The only sector which struck trouble was engineering, and the loss maker—the car seat trimming activities—has already been shut down. Property and vehicle distribution were again significant earners and with Ford taking an increasing share of its car sales (50 per cent in 1978-79 and around 60 per cent in the current year) it should be reasonably well insulated from any market contraction during the next 12 to 18 months. The shares jumped 5p to 118p giving an historic p/e of 8.3 and a yield of 6.8 per cent. The group has above average growth prospects, low borrowings (£11.4m) relative to shareholders' funds (£45m) and strong management. It is worth watching.

Giltspur profit expands 40% and borrowings cut £3.1m

ITE THE bad weather and rial unrest this winter, ur, industrial services expanded pre-tax profits per cent from £3.21m to a £4.52m for the year ended 31, 1979, with £2.5m t £2.16m coming in the ! half. Full-year turnover y £11.41m to £84.81m.

n announcing first-half a surplus up from £1.05m 02m, Mr. Maxwell Joseph, airman, said he expected for the second six months ual or better those then ed.

a yearly earnings per 10p well ahead at 16.25p), the directors intend to he dividend total by 20 per o 3.5p (2.9p) net. The uation of dividend controls the end of July precludes eclaration of the approfinal at the AGM, and they ore intend to recommend gust 1, a second interim in lieu of a final.

eduction of £3.1m in group ving produced a further vement in its financial gearhile the group has arranged egotiation of loans repaywithin two years, which been reduced by £5.5m.

divisional breakdown of ver and profits before it, £5.37m (£4.14m), shows £000s omitted): expo) (£15,492) and £2,618), motor £40,557 (£34,104) £1,314 (£1,220), Bullens : £20,870 (£19,780) and £1,460), engineering £4,983) and £697 (£166). Turnf £139,000 in property has excluded from compara-

interest and tax charges reduced, at £850,000 000) and £1.5m (£1.8m) tively. After an extrary credit of £294,000 000 debit) and minorities, itable profits jumped some £3.32m.

paratives have been ed to reflect changes in nting policy for deferred d depreciation.

omment

two years of strong recovery the rate of profit growth at Maxwell Joseph's "other company" Giltspur, is expected to slow a little in 1979-80. The motor distribution activities—centred around BL cars and trucks although there is a foreign element in the North—could feel the cold winds of harder sales competition in the coming months. But, on the other hand, the freight side is expected to completely recover lost ground and further growth will come from the three components of the Expo division. And the recovery in the engineering activities—particularly the engineering design—is likely to continue. The shares rose 3p to 86p yesterday giving an historic stated p/e of 5.2 and a yield of 6 per cent. Perhaps not in the Grand Met class but interesting, nonetheless.

Helene of London set for record

SHAREHOLDERS IN Helene of London were told at the AGM by Mr. Montague Burkeman, chairman, that the company is heading for another year of record profits—the 19th in succession.

However shareholders at the annual meeting were unable to vote on a proposal to double the dividend payout for the year ended last December even though the payment date falls after July 31 when dividend restraint is due to be lifted.

Instead a further meeting will be called for early in August when the final payment can legally be lifted to 1.0061p per share raising the total from 0.6707p to 1.3414p and giving a yield of 6.6 per cent at 29p.

On the company's figures this would drop the dividend cover from 6.7 to a still substantial 3.7 times based on pre-tax profits close to £1½m.

STANLEY GIBBONS

AN increase in turnover and profits for 1978 are reported by Stanley Gibbons International, now part of the Letraset International group.

Turnover was up from £11.91m to £16.2m and pre-tax profits were £2.15m compared with £1.56m in the previous year.

Derritron second half pick up

AFTER being marginally down from £312,000 to £300,000 at midway, pre-tax profits of Derritron finished 1978 ahead from £644,000 to £702,000.

Stated earnings per 10p share are 2.39p. Last year there was an extraordinary debit of £133,000 and after this earnings were 1.28p. The net final dividend is 0.261p raising the total from 0.727p to 0.811p.

The company manufactures and markets electronic equipment.

	1978 £000	1977 £000
Turnover	4,900	3,535
Trading profit	1,066	834
Develop. expend.	297	135
Interest	67	55
Profit before tax	702	644
Tax	404	345
Extraordinary debt	—	133
Pref. divs.	13	13
Interim	66	60
Final	31	27
To reserves	189	66

Equity Consort up to £0.31m

After tax of £170,250, compared with £153,408, the net revenue of Equity Consort Investment rose from £281,253 to £311,112 in the year to April 30, 1979. Gross earnings per £1 share were shown to be up from 10.56p to 11.15p.

A final gross dividend of 7.75p per £1 share takes the total from 10.25p to 10.75p. The directors propose that any reduction in tax credit following the Budget changes will be matched by a corresponding increase in net dividends.

Little change at Trident TV

DUE to an increased contribution from activities outside television, Trident Television was able to hold pre-tax profits at around £4.8m in the six months to March 31, 1979. The directors anticipate a modest improvement in group full year results.

On the half-year results the directors explain that the long period of buoyancy in television advertising continued until January, 1979, and as a result the company achieved its revenue targets for the first four months despite a strike at Yorkshire Television over Christmas.

However, the remaining months were severely affected by the lorry drivers' strike and the bad weather, which combined to disrupt the distribution of goods; in these circumstances, manufacturers and retailers naturally postponed their advertising. In common with the rest of the industry the company has yet to make up the revenue lost at that time.

Fortunately the downturn in television profits has been offset by an improvement in the returns from the company's other activities, they add.

The pre-tax profit was struck on turnover of £36.44m (£35.96m). It was after a £6.81m provision for Exchequer levy and included other activity profits of £792,000 (£599,000).

Earnings per 10p share are shown at 4.1138p (no comparison) and the interim dividend is raised from 0.932p to 1.095p net. While this is an increase of 17.5 per cent, the directors say that it is their intention to return at the year-end to the policy that dividends should be twice covered. The total payment for last year was 3.159p from profits of £9.02m.

BOARD MEETINGS

TODAY

Interims: Blundell-Permoglaze, Caledonian Holdings, Hardys and Hansons, M and G Dual Trust.

Finals: Edgar Allen Balfour, BPB Industries, Baileys of Yorkshire, Brickhouse Dudley, British Tar Products, Cattle's (Holdings), Chubb, Durapipe International, B. Elliott, Gresham House Estate, Hicking Pentecost, MK Electric, Powell Duffryn, Tranwood.

FUTURE DATES

Interims:—

Macdonald Martin Distilleries	July 30
Sotheby Parke Bernet	July 3
Union Discount	July 18

Finals:—

Booth (John)	June 28
Carless Capel	July 3
Henderson-Kenton	July 3
James (Maurice)	June 29
Joseph (Leopold)	June 28
Lennons	July 12
Regalian Properties	July 6

● **comment**

Predictably flat figures from Trident, due to a three-week strike at Yorkshire TV and the collapse of advertising revenue in February and March, did little to impress the market yesterday but talk of a return to a twice-covered dividend was something else. Advertising revenue is back to month on month gains of close to 20 per cent and without the Price Commission in the background, rate card increases could compensate for any margin pressures caused by the next wage round. TV contracting profits should be better in the second half and the leisure interests, such as Windsor Park, should make a reasonable showing to take overall profits up to at least £9½m. On that basis the twice covered dividend could yield around 11½ per cent at 60p—way out of line with the sector and the shares look set to move higher.

Avana profit tops £3.5m: paying more

FOLLOWING the 83 per cent rise to £1.41m in the first six months, Avana Group, a major cake supplier to Marks and Spencer, finished the year to March 31, 1979, with pre-tax profits of £3.52m against £2.34m in the previous year.

The directors say that current trading is good and more than matches the excellent start of last year.

Turnover improved from £29.6m to £33.4m. Tax takes £1.38m (£1.2m) giving earnings per share of 10.88p against 5.52p.

The final dividend is 2.35p lifting the total from 1.0979p to 3.5p.

● **comment**

Avana continues to reap the reward of heavy capital spending, totalling around £2m last year. Investment has been concentrated on improving margins, which has been achieved, but the group is now in a position to expand production significantly. Two factories will be opened in the next fortnight and plenty of new products are in the pipeline. A major strength continues to be Avana's ability to buck market trends, relying greatly on its relations with Marks and Spencer, which takes about 30 per cent of production. The group emerged strongly from upheavals in the cake market a few years ago and last year more than doubled jam sales while overall consumption fell. It is pressing on with a gradual move up-market at the same time as increasing its own-label business. No acquisitions are planned, despite a positive cash balance, but organic growth potential alone is enough to justify the stated p/e of slightly over nine. At 102p the shares yield 5 per cent and the dividend is well covered.

Halma over £1m—doubles dividend and plans scrip

BY ACHIEVING a near £179,000 advance in second half taxable earnings Halma, as forecast in January, lifted total profit for the year to March 31, 1979, from £843,696 to a record £1.13m. A more than doubled net dividend on enlarged capital, is also planned.

Sales by the group, which makes safety and environmental control products, were ahead £1m to £10.65m.

When reporting a surplus up from £510,273 to £403,661 at half-time, Mr. David Barber, the chairman, said the group could look forward to a long period of substantial growth and increasing profits.

After tax of £445,209 (£278,746) for the year earnings per 10p share are stated 0.87p higher at 6.47p. A net final dividend of 0.8513p effectively raises the total by 108 per cent from 0.666p to 1.3846p. Ordinary payments cost £142,773 (£67,783) and are covered more than four times.

In addition a one-for-three scrip issue is proposed and the authorised capital is to be increased from £2.34m to £2.7m.

● **comment**

Profits continue to surge ahead at Halma, with the pre-tax figure up around 40 per cent in the second half, but only at the expense of sales growth. This is part and parcel of the group's emphasis on improving cash-flow through its most profitable products, primarily health and safety equipment. The return on working capital has consequently risen to over 30 per cent from around 22 per cent this time last year. Taking this together with lower gearing the growth prospects look rosy and, at 62p, the shares reflect this with a stated p/e of 9.5. Overseas markets should provide some of the impetus as the group has recently established subsidiaries in France and the Netherlands. Moreover, the relaxation of exchange requirements on foreign investment has provided added incentive to buy abroad. The process may be a slow one, however, as exports last year showed no real growth. The doubling of gross dividends brings the yield up to 3.2 per cent.

Improvement by Kleen-e-ze

An improvement in the second half of the year ended March 31, 1979 resulted in taxable profits of Kleen-e-ze Holdings rising from £492,575 to £550,949. At 28 weeks the surplus was lower at £235,856 against £313,031.

A net final dividend of 3.625p steps up the total payment from 4.32p to 4.5p per 25p share.

Today's company meetings

British Home Stores, 129-137 Marylebone Road, NW, 11.30. Chesterfield Properties, 1 Avery Row, W, 11. De Vere, Connaught Rooms, WC, 12. Ecclesiastical Insurance Beaufort House, Brunswick Road, Gloucester, 1.45. Lee Cooper, The Inn on the Park Hotel, W, 12. Lilleshall, St. George's, Telford, Salop, 12. Atlantic Investment Trust 91 Waterloo Road, SE, 12. Tootal, 56 Oxford Street, Manchester, 3. Trust Union, Winchester House 77 London Wall, EC, 2.30.

BIDS AND DEALS

Hanson pays £2.5m for CMT stake

Central Manufacturing and Trading Group, the Midlands engineering concern, yesterday revealed that talks which might have led to a merger with an unnamed group had broken down.

But Hanson Trust, the agri-products and industrial services group, has stepped in and bought an 11.4 per cent shareholding in CMT from family interests associated with Mr. N. N. Hickman, the group chairman who is now retiring.

Hanson paid 85p per share for its stake in a deal worth £2.56m.

Hanson, which was not involved in the talks, said yesterday that its stake was considered to be "a long term investment."

Two Hanson men, Mr. A. G. L. Alexander and Mr. R. D. Cowell, are joining the CMT Board, while Mr. N. A. Hickman has been appointed chairman and chief executive.

RACAL BUYS

Racal Electronics has increased its holding in Adwest Group, the engineering concern, to 11.29 per cent (1.11m shares).

Racal said yesterday: "We are fairly liquid, and the deal is part of our normal investment programme."

BOUVERIE PROP. BUYS CALIFORNIA REAL ESTATE TRUST

Bouverie Properties, the wholly-owned U.S. property investment arm of the National Coal Board pension funds, has succeeded in its U.S.$144m (£67.3m) bid for Continental Illinois Properties, the California real estate investment trust.

This marks the first major property purchase in the U.S. by the NCB pension funds, which has been investigating the market for about 12 months.

The NCB offer of $30 a share was accepted by stockholders controlling an 85 per cent interest in the trust which includes the Watergate office and hotel complex in its portfolio.

Earlier this year Brabant NV, a Netherlands corporation, made a $25-a-share bid for the investment trust. Both offers were unopposed by trustees of Continental Illinois.

The NCB pension funds will now decide the best method of managing the trust's property folio, of which around a third is residential properties including a number of apartments in Texas.

STREETERS

Shareholders of Streeters of Godalming, the public works contractor, have approved a co-operation and subscription agreement which the group has entered into with Costain, the major international contractor.

Costain owns 1.67m in Streeters representing 22.5 per cent of the capital.

Mr. E. A. Streeter has retired as a director and chairman of the group. Mr. Nicholas Streeter is to become executive chairman. Mr. Alan R. Gibson is to be managing director, while Mr. J. Reeve, managing director of Costain UK has been appointed to the Board.

DOLOSWELLA

Doloswella Holdings is in talks which may lead to a major acquisition and the placing of 1.2m ordinary shares of the company.

Since talks are at an advanced stage Doloswella has requested that the Stock Exchange defer a resumption of the granting of permission to deal under rule 163 (2).

The group announced that Mr. F. Sheridan and Mr. E. Vandyk have resigned from the Board. To the Board comes Mr. J. Forsyth.

HERON MOTOR

Heron Motor Group, which last week announced that it was in talks which could lead to a merger, yesterday said the discussions have been terminated. The share listing has been restored.

MINING NEWS

S. Africa short of engineers

BY PAUL CHEESERIGHT

A SHARP economic upturn, leading to stronger demand for minerals, could create a serious situation for the South African industry because of a shortage of engineers, mining executives said yesterday.

They were commenting on the latest monthly bulletin from the Chamber of Mines which quoted the South African Federation of Societies of Professional Engineers as saying that less than half the demand for engineers was being met.

The Federation had said that South African graduates met only 15 per cent of the mining and metallurgical industry's demands, while immigrants made up a further 30 per cent.

Although there was a rough equilibrium between the supply and demand for mining engineers, the executives noted, there had been a shortage of mechanical and electrical engineers for some years and there were three metallurgical engineering posts for every one graduate applicant.

To some extent this reflects a general problem in the international mining industry, but the South African situation has been exacerbated by the devaluation of the rand, which makes salaries less attractive than formerly, and the deterrent of national military service demands.

The shortage is likely to become more acute as the base metals and the coal industries expand. They are more mechanised than the gold industry, which is based on a large but mainly unskilled or semi-skilled labour force.

At the same time the mining industry has to compete with the expansion of SASOL, the state coal-into-oil conversion agency, ESCOM, the state power utility, and manufacturing industry for the limited supply of engineers.

WESTFIELD MINS. SEEKS URANIUM

Canada's Westfield Minerals, a member of the Northgate group of companies, has staked further claims in Newfoundland, in the Deer Lake Basin area, following the discovery last October of high-grade uranium-mineralised "float" material and subsequent bedrock samples during trenching near Wigwam Creek.

In the 1978 annual report the company says that the Newfoundland property interests were extended from around 333,000 acres to around 355,000 acres at May 31.

The location of two radiometrically anomalous areas by ground prospecting has prompted a detailed airborne radiometric survey of the area, which is scheduled to get under way this month.

Westfield owns 13.6 per cent of Northgate Exploration, has a 9.8 per cent direct interest in Vestgron Mines and a 22.5 per cent direct interest in Whim Creek Consolidated.

URANIUM POLICY CHANGE FOR S. AUSTRALIA

Mr. David Tonkin, the Opposition leader in South Australia, has promised two leading West German mining companies, Rheinische Braunkohlenwerke and Uranerzbergbau, that his state will drop its uranium mining ban if the Liberal Party is returned to power at the next State elections, writes Roger Boyes from Bonn.

West Germany has been increasingly concerned about guaranteeing future uranium imports, and Mr. Tonkin's visit appears to have opened up the possibility of a further source of supply. The present State Government, controlled by the Labor Party, has a ban on uranium mining.

During talks last week in Bonn and Cologne, Mr. Tonkin is understood to have reassured the companies that policy would be changed if the Liberals win power in elections expected next year.

Exporting change by Whitbread

THERE HAS been a major change in the exporting approach to the U.S. by Whitbread and Co. The brewer has closed down its own import company, Bedford Importers, and handed the activity over to All Brand Importers, a subsidiary of Standard Brands.

All Brand will act as agents for Whitbread Ale and Mackeson Stout and for repackaging of the group's products.

In his annual report, Mr. Charles Tidbury, Whitbread's chairman, says he is confident the agents who already carry a prestige range of imported beers from other countries, will do "a very good job."

He says that on the licensing front Mackeson is making excellent progress through production under licence at Heineken's National Brewing Company in Trinidad and their Windward and Leeward Brewery in St. Lucia. The Jamaican trade is also improving despite a difficult economic period there.

A new Mackeson licensing operation has also been started up with Malayan Breweries in Singapore and arrangements have been completed for it to be brewed in Nigeria. This latter operation is expected to get under way in the current year.

Overall, Mr. Tidbury says he is confident and optimistic for the future of the group. As reported May 26, taxable profit for the year to March 3, 1979, was ahead near 25 per cent to 54.35m on sales of £660m, against £573m. The company also plans to invest £230m over the next three years on public houses, catering and production facilities.

The net dividend is raised to 4.8p (3.9782p).

On a current cost basis along the Hyde Guidelines profit is cut to £42.5m (£31.7m) by £10.6m (£9.6m) extra depreciation £4.6m (£5.6m) additional cost of sales less a gearing adjustment of £3.3m (£3.4m).

At year end bank overdrafts were down from £5.29m to £2.25m but loan capital was up from £149,199 to £160,031. Net liquidity was £6.75m higher (down £646,000).

Meeting at Brewery, Chiswell Street, EC, on July 24 at noon.

Knox Fibres should make a good contribution this year. The factory in Ireland was also doing well.

In connection with Knox, he had just returned from Japan where an agreement had been signed to build, at Kilburnie, Toyo net machines under licence. The rights to manufacture and sell throughout Europe had been negotiated.

Possible boost in dividend at Cosalt

At the annual meeting of Cosalt, Mr. John M. T. Ross, chairman, said that when the group had a scrip issue a year ago, it was announced that the dividend, if allowed, would be maintained on the increased share capital, giving an effective increase of 50 per cent. In the event, the increase was limited to 11 per cent.

Next year, when dividend restrictions had been lifted, the Board would bear in mind what was said last year.

Reviewing group activities, the chairman said that, in the ships' chandlery division, while some branches were still having problems, others were doing well.

In particular, newly-acquired

Bond Street Fabrics in loss

FIRST-HALF performance was worse than anticipated at Bond Street Fabrics with a fall from a £248,000 pre-tax profit to a £38,000 loss for the period to March 31, 1979. The interim dividend is being passed and the company does not envisage any significant improvement in results for the second six months.

Conditions in the jersey division continue to be difficult. Also the knitwear organisation in Scotland has performed disappointingly for, while it has a full order book, profits have been eroded through increasing costs and some loss-making operations.

However, the directors are confident that once the steps now being taken have had time to take effect the company will return to satisfactory profitability.

Last year an upsurge in demand in the jersey side enabled the group to hold profit at a record £451,234 (£441,231).

The net interim last time was 0.75p. The Board now says that payment of a final for 1978/79 will depend on the results.

Sales by the group, whose main activities are the manufacture and distribution of knitted fashion fabrics and knitted outerwear, were lower at £4.16m (£4.39m) for the half-year.

Country and New Town qualification

By Andrew Taylor

Auditors, Peat Marwick Mitchell have qualified the latest accounts of Country and New Town Properties, the property investment and retail group.

Peat Marwick say in the annual report that it is "unable to form an opinion as to whether the consolidated profit and loss account gives a true and fair view of the results of the group for the year to January 31, 1979."

The auditors are concerned that a £617,719 loss attributable to the group's Civil Service Store, in London, has been included as redevelopment costs.

"Consequently group results before taxation and extraordinary items excluded any amount relating to the activities of that store," says Peat Marwick.

Country and New Town's accounts shows pre-tax profits of £460,504 compared with the previous year's £458,248.

Mr. Gerald Newton, chairman, says in his annual report: "During the year the disruption caused by the reorganisation and rebuilding within the Civil Service Store in the Strand has had, as anticipated a severe effect on the trading activities.

"Your directors had no alternative but to keep trading throughout and since it has not proved possible to quantify the effect of this upheaval some £600,000 has been added to the cost of the store redevelopment."

He said that including the £600,000 the total cost of redevelopment amounted to £2.4m at the year end but the Board was satisfied, after consultation with its professional advisors that market value of the property "substantially exceeds the current book value of £3.75m."

Auditors also qualified the accounts on a second count. It says: "No estimate has been made for the amount of tax on capital and development gains which would become payable under present legislation in the event of future sales of the UK properties at the amounts at which they are stated in the accounts."

Property Holding expansion

Gross revenue of Property Holding and Investment Trust rose from £2.83m to £3.12m in the year to March 31, 1979 and pre-tax revenue was up from £2m to £2.24m.

Earnings per 25p share are 9.31p (8p) and the dividend is raised from 6.598p to 7.5p with a final of 4.5p net. A two-for-one scrip is also proposed.

Tax took £1.11m against £1.03m. The net asset value increased by 22 per cent to 485p.

The directors state that at present rental levels, the current forecast shows that by 1982 the net income from properties should reach £4.3m.

The exceptional repairs expenditure, referred to last year, has been delayed.

In these circumstances the directors expect to be able to recommend the steady increase of dividends.

Caledonian Cinemas

For the year to March 31, 1979 pre-tax profits of Caledonian Associated Cinemas improved from £468,000 to £737,000, on turnover of £7.17m against £6.35m.

The net final dividend is 5p for a 6p (3.623p) total on stated earnings per 25p share of 111p compared with 60.5p.

After tax of £286,000 (£219,000) and extraordinary credits of £170,000 (£59,000), the attributable balance advanced from £308,000 to £621,000.

The directors propose that £400,000 of the authorised and unissued ordinary share capital of the company be re-classified as 400,000 5½ per cent non cumulative second preference shares, to be issued to ordinary holders on a one-for-one basis.

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WHITBREAD

AND COMPANY LIMITED

A year of good progress

e chairman's report for the year ended rch 3, 1979

ARLY every Annual Statement about the brewing industry talks eat deal about the weather, and also the economic climate. Last , the summer until September was poor but we had a long warm umn which, combining with an increase of money in people's kets, because wages generally were above the rate of inflation, ant that we had favourable trading conditions. This was followed anuary and February by the long hard winter of the transport e and bad weather, to which the Company responded magnif- ntly — as Whitbreads always do in a crisis.

Charles Tidbury,

Profits before taxation and extraordinary items were 24.9% up, and although the second half showed a slowing down of profit compared with the first half, this was largely due to the fact that we did not increase our prices during the year, and unavoidable inflationary costs diminished our margins by the end of the year.

We can be pleased with these results, for they were achieved, amongst other reasons, by a marked improvement in industrial relations. Our record of unofficial stoppages dropped dramatically last year, and we were able to provide our customers with a much better service as well as competitively priced first-class products.

Beer Sales Success

Despite the poor summer, lager returned to pre-1977 growth levels and now accounts for 30% of our market. Strong sales of Whitbread Trophy Bitter encouraged us, and the continuing success of Marlow Bitter, Pompey Royal and some further local beers which have been launched, such as Welsh Bitter and Tusker in Kent, gives us confidence that our local company plans are soundly based for further penetration of the market.

Success of our two main lagers, Heineken and Stella Artois, continued. We have now added to these with a launch of ancillary lager brands in Heldenbräu, a low carbohydrate lager on draught, and in 16 oz. cans largely for the take-home trade, and Royal Kaltenberg lager which we developed with the Royal Bavarian Brewery, and is available on draught and as a Diät Pils in bottle.

The improved trend in sales which I mentioned last year in Gold Label, English Ale and our speciality beers has also continued, and Mackeson maintained its position as the leading brand in the sweet stout market.

On the retail side of our business, we were helped by improved profits from Beefeater Restaurants in the South East, Trophy Taverns in the West Country and Duttons Grill Rooms in the North.

Long John Progress

Good progress has been maintained both at home and overseas for the main Long John brand, as also for our malt whiskies, Laphroaig and Tormore, whilst Plymouth Gin has shown continued growth in the home market. We are pleased with, and proud of, our investment in Long John International.

Unfortunately, our export performance in the last months of our financial year was marred by the transport strike, which prevented our getting whisky shipments into the docks and away on time to our overseas customers.

Highland Distillers of California

Towards the end of the year, at the invitation of the family owners of the business, we acquired a controlling interest in the Highland Distillers Corporation of California. This company owns the fast-growing Scoresby Rare Scotch Whisky, the leading brand of Scotch in California and other Western States of America, for which Long John International supplies the blend from its distilleries in Scotland.

This acquisition meets the three objectives of increasing our export sales, of securing supply to an increasingly important whisky customer, and of giving Long John International a significant investment opportunity in the U.S.A. in line with Whitbread's policy of overseas diversification. We have high hopes for Scoresby's future.

THE PRICE COMMISSION

of you will already know from Press comments that Company has recently been under investigation by the Commission, and I do not intend to burden you with any details. However, I equally feel you will expect a ment on the loss of profits of approximately £5m which ffered between the 7th March and the 10th May this ar the hands of the Price Commission, and I think r points should be made on behalf of the Company.

history of the investi- is briefly as follows. In ry of this year, we applied price increase, having tarily held our prices for revious twelve months, as the majority of our com- ns. For reasons that have been made clear to us, read and Bass were re- for an investigation and rices were frozen, whilst h restraint was placed on majority of our com- rs.

investigation was con- d between February and , and, although we co- ted fully with the investi- g team throughout this d, we also fought hard to o obtain our requested increases. This we man- to achieve, and the Com- on issued, in all, four tion Notices during the tigation, the last of which, d on the 4th May, made ir prices to the figures for h we had originally applied.

ne of £5m.

, although the end result satisfactory, in that we ined our price increase, the t of the delay has been to se on this Company a fine proximately £5m. It is our intention to try to make as much of this as we ibly can in trading and iency, although I do not e we can hope to recover and, at the end of the day, Price Commission will have us a lot in profit.

much for the history, but t I believe to be more ortant is the future. It is haps as well to remember this machinery of price trol was brought into being a Conservative Government, subsequently refined and ended by a Labour Govern- nt. Your Company suffered vily from the end product, main characteristics of ich perhaps can be sum- rised as follows.

organ of government oper- ng with very extensive and sely-defined powers: very ch as a court of law but thout the protection given to individual, in this case the mpany, that one expects from the British judicial system. A Commission that did not have to give intelligible reasons for its decision, against which there was no meaningful right of appeal, and no apparent redress at law except possibly in the most extreme cases. A company under investigation was debarred from putting its own case to the full Commission, nor had it any voice in the selection of those who were to judge its business, very few of whom had significant commercial experience.

No fair reason

The Report of the Commission contains one or two minor criticisms of the business, of which we were already aware, and which were being tackled, but can in no way add up to grounds for so heavy a fine. The Report implies that in some way the £5m penalty was justified because of the financial policy of this Company in making loans to Free Trade customers. Such policy is common practice throughout the brewing industry, and I can, therefore, see no fair reason why your Company should be singled out on these grounds.

At the time of writing this Report, we believe it is the intention of the Government to abolish the Price Commission. It should be remembered that Whitbread, along with many other companies, had to submit to the Commission large quantities of highly confidential information, and we regard it as of paramount importance that such information be either destroyed or returned to us.

The abolition of the Price Commission may be a great relief at this time but experience suggests that mechanisms of government of one sort or another have a nasty habit of repeating themselves, perhaps in a slightly different guise. I believe that our recent experience should teach us to watch carefully that, in future, commerce and industry guard their lines constantly, in fair weather and foul, to try to ensure that we achieve the sort of legislative climate in which we can prosper and grow as a responsible company in the private sector of industry.

OUR RESULTS

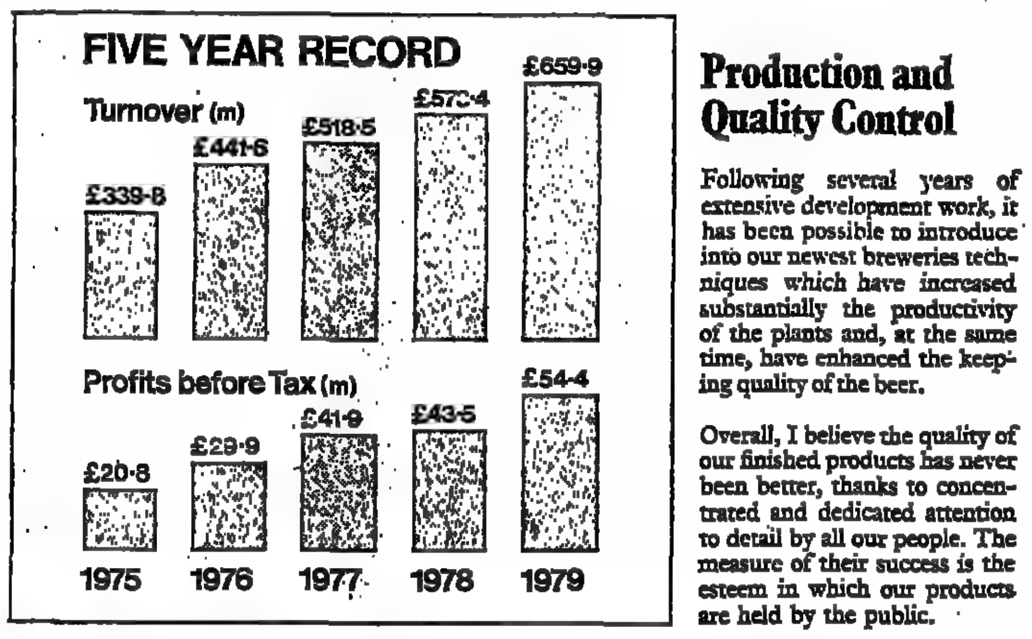
Year to March 3, 1979

£000's	53 weeks to 3/3/1979	52 weeks to 25/2/1978	UP
Turnover	659,886	573,369	+15%
Profit before Taxation	54,350	43,518	+24.9%
Current Taxation	9,525	6,786	+40.4%
Ordinary Dividends	10,954	8,948	+22.4%
Retained in the Business	35,072	28,921	+21.3%
Earnings per share (basic)	19.48p	16.13p	+20.8%

Well done!

I would like to pay tribute once again to our retailers and also to all the people in our Company who have made these results possible. They have all done well and shown once again that they can rise to an occasion in times of trouble. I count myself lucky to be supported by such a great team in Whitbread and Company.

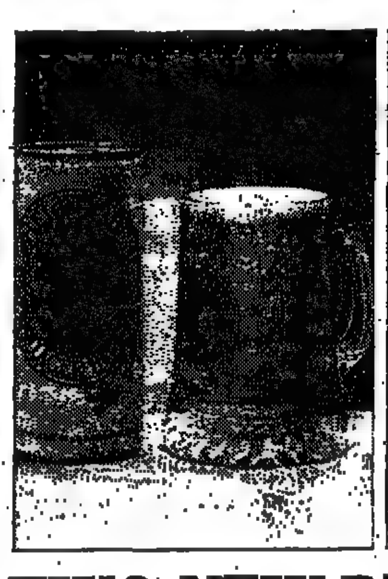
I have enclosed with our Report a copy of the Report to the Employees of Whitbread and also a booklet called *This is Whitbread*.



Production and Quality Control

Following several years of extensive development work, it has been possible to introduce into our newest breweries techniques which have increased substantially the productivity of the plants and, at the same time, have enhanced the keeping quality of the beer.

Overall, I believe the quality of our finished products has never been better, thanks to concentrated and dedicated attention to detail by all our people. The measure of their success is the esteem in which our products are held by the public.



TWO NEW PRODUCTS ARE LAUNCHED

I have mentioned Heldenbräu and Kaltenberg, the new lagers which the Company launched in June this year, and we believe the development of new products in all sectors of the Company's business will become increasingly important in the future. What pleases me so much about Heldenbräu and Kaltenberg is that they taste so good and are really well-balanced products, and I believe there should be a good chance of a great consumer demand for them.

Growth potential for Langenbach

Our German wine subsidiary, Langenbach, has had a good year financially, with increases in trade in the domestic German market and in the U.K. but a slowing down in the United States and some secondary markets, to some extent due to the strength of the Deutschmark. We believe, however, that there is considerable growth potential for Langenbach's excellent wines in both home and overseas markets – in particular, the United States – and we have embarked on a major investment programme at Worms to renew and expand our production facilities there.

Beer Export and Licensing

Although financial results in Belgium last year showed a marked improvement as a result of the completion of a programme of rationalisation and reorganisation, the trading environment generally was a difficult one, with premium beers feeling the effect of the general economic situation.

During the year, we have considerably altered the nature of our export operation to the United States by closing down our own import company, Bedford Importers, and appointing All Brand Importers – now a subsidiary of Standard Brands – as our agents for Whitbread Ale and Mackeson Stout and for repackaging our products.

We have every confidence that All Brand Importers, who already carry a prestige range of imported beers from other countries, will do a very good job for Whitbread and Mackeson.

On the licensing front, too, Mackeson is making excellent progress through production under licence at Heineken's National Brewing Company in Trinidad and their Windward and Leeward Brewery in St. Lucia. The Jamaican trade is also improving, despite a difficult economic period there.

A new Mackeson licensing operation has been started up with Malayan Breweries in Singapore, and we have good hopes for this market also.

Arrangements have now been completed for Mackeson to be brewed in Nigeria, and this operation is expected to get under way during the present year.

THE FUTURE

Obviously the setback of £5m off our profit budget (to which I refer in my comments on the Price Commission) is a very big handicap but we have decided, nonetheless, to go flat out for our original budgets. Despite this financial penalty, and to demonstrate our confidence in the future, we plan to invest approximately £230m in total over the next three years in public houses, catering and production facilities.

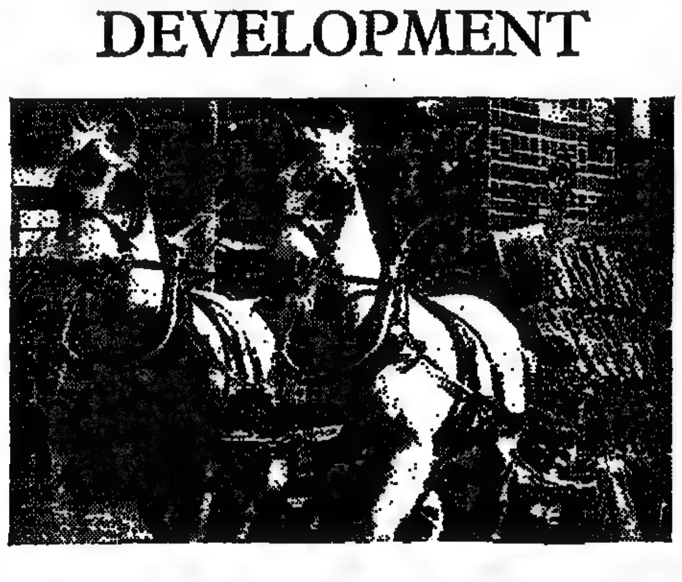
We have had some unofficial industrial action this year but I believe there is a general and increasing understanding by the people of Whitbreads that if we stick to our agreements and serve the customer, that is the best way to achieve our individual aspirations as well as ensuring commercial success.

We are in business to serve our customers. It is only through the Company's success in the market place that our jobs are made secure.

I hope, therefore, that by the end of the full year, we may have partly recovered the position, although an increase in V.A.T. and the duty would probably mean a difficult half-year's trading. However, long term, if this country is to become more prosperous, and individuals have more money in their pockets to spend as they choose, I am confident our future as traders in pubs, clubs, eating and drinking out and at home must be good. We should also be able to encourage and take advantage of the tourist trade in this country.

I know the Company has accepted the challenge of the coming year and will do its utmost to succeed – free this time, I hope, from Government interference and penalties that have frustrated us so much in the past year. I am always an optimist for the future of this country and its development. I am also confident and optimistic for the future of Whitbread and Company.

CHISWELL STREET DEVELOPMENT



Stables for the famous Whitbread Shire horses will be part of the attraction of the redevelopment of Chiswell Street.

I am pleased to report that attendance at the Overlord Embroidery has already increased to over 1,000 a week.

The whole development is progressing, and one of the office blocks on the south side is approaching the topping out stage. The retained buildings will house our offices in the centre, and with the attendant attractions of our stables, horses, the Overlord Embroidery, shops and supermarket, as well as 140 flats for Islington Council and the squash and gymnasium complex on the north side, the Brewery site at Chiswell Street will once more come alive and be playing its part in this great capital of London.

On the south side of Chiswell Street, the old Porter Tun Room is now completed, to provide banqueting and conference facilities in this unique setting. We have a healthy order book for use of the premises in its first half-year of operation, and a very encouraging volume of enquiries for the future. It is a fitting and unique use of our historic room where, in the past, 90% of Whitbread's beer was fermented.

The British Pub and Competition

It is a fact that the licensing law under which our brewing industry trades restricts to some extent the granting of on-licences but, as a result, this country is saved from the social disadvantages that a proliferation of licensed outlets could cause.

Over the years, the brewing industry would argue that their ownership of pubs has been beneficial to the public, in that not only has it preserved the pub itself but it has provided the customer with a cheaper pint of draught beer from the distribution advantage of this system. It has also kept in being some 80 independent brewing companies with their local types of beer, over 1,200 at the last count – a far larger number of breweries and brands than in most countries.

The interchange of houses agreed with the last Government should, over the next five years, and aided by a natural swing to a smaller number of brewer-owned houses, remove any undue concentrations of ownership in a local area of more than 100,000 population.

The Monopolies Commission, in 1969, investigated the industry thoroughly from the point of view of competition, and since then the problem seems to have been that, on almost every occasion when the brewing industry has sought to put up its prices, some brewers have been subjected to investigation, theoretically on the question of price, but in practice on the question of competition, despite the fact that beer prices have kept behind inflation rates. After all the recent investigations by various Government bodies, I hope the system that has produced the British pub, which is unique in the world, and also our draught beer, which is also virtually unique, will be allowed to continue without further interference.

New Magor Brewery

We have suffered some delay to the completion of our Magor Brewery. This has been largely due to the appalling weather conditions during the winter months, and the lorry drivers' strike affected supplies of building materials, which added to the delay in completion.

We now expect to be undertaking commissioning trials during the summer and to go into production in the autumn of this year. Magor will be producing a significant amount of our lager requirements by the spring of next year.

New Board Member

We were fortunate that Sir Charles Troughton, ex-Chairman of W. H. Smith and now Chairman of The British Council, agreed to join our Board in October 1978. His wisdom and experience are invaluable to us.

Energy Conservation

We have all been made aware of the need to conserve energy. We believe that we can make a significant contribution to the reduction of fuel consumption both in our industrial premises and in our retail outlets. In November 1978, therefore, we set up an energy management team which is advising all our companies on the methods of reducing fuel consumption.

Annual General Meeting: 12 noon, Tuesday, July 24, Brewery, Chiswell Street, London EC1Y 4SD.

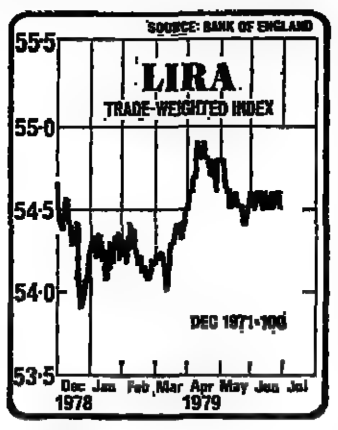
Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firmer

Sterling closed slightly easier against the U.S. dollar and unchanged in terms of major currencies in general yesterday. The Dollar gained ground against other major units following the statement by Mr. Michael Blumenthal, the U.S. Treasury Secretary, that the U.S. would cut its imports of energy by the end of the year.

The pound opened at $2.1570-$2.1580, and rose to $2.1665-$2.1675 on good demand for sterling. There was also some selling, but buying predominated, with the Bank of England intervening in a small way from time to time. In the afternoon the pound fell to $2.1350-2.1360, but improved at the finish to $2.1515-2.1525, a fall of 70 points on the day.



Sterling's trade-weighted index, as calculated by the Bank of England, was unchanged at 68.9, after standing at 68.8 at noon and 69.1 in the morning.

The dollar's index, on Bank of England figures, rose to 85.0 from 84.7. The U.S. currency rose to DM 1.8500 against the D-mark from DM 1.8395, and to SwFr 1.6625 in terms of the Swiss franc from SwFr 1.6435.

BRUSSELS — The Belgian franc was fixed at BFr 16.02125 against the D-mark, compared with BFr 16.0500 on Monday, and a sharp improvement from its lowest permitted rate of BFr 16.0740. It also improved against the European Currency Unit, after moving outside the 75 per cent alarm limit against the ECU at various times. On Tuesday it improved to 72 per cent divergence from its ECU central rate, compared with 81 per cent on the previous day. Very high interest rates in Belgium have shown an effect, after the central bank has spent millions of D-marks and dollars to defend the franc in recent weeks. Yesterday the Belgian National Bank bought an estimated DM 4m to prevent too high a rise by the franc.

FRANKFURT — The Bundesbank bought $17.05m when the dollar was fixed at DM 1.8568 against the D-mark, compared with DM 1.8409 previously. It opened at DM 1.8445 and improved on U.S. Treasury Secretary, Mr. Michael Blumenthal's statement that the U.S. would reduce its oil imports by 1m barrels a day by the end of the year. The rise of the dollar was also helped by technical factors, and it was generally felt that in the longer run the U.S. currency would react sceptically to good intentions by the U.S.

MILAN—The dollar improved against the lira at the fixing, while sterling and EMS currencies weakened. The U.S. currency fell to a six-month low of L836.30 from L831.05. The pound declined to L1,790.50 from L1,795.80, with the D-mark falling to L450 from L451.51, and the Swiss franc to L501.60 from L506.38.

TOKYO — The dollar fell to Y214.60 against the yen at the close, from Y215.30 previously. It opened at Y213.30 and recovered slightly in active late trading, helped by import covering. The U.S. currency fell to a six week low of Y212.50 in the morning on selling by foreign banks.

THE POUND SPOT AND FORWARD

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1350-2.1675	2.1515-2.1525	0.77-0.67c pm	4.01	1.83-1.73 pm	3.[illegible]
Canada	2.4880-2.5260	2.5075-2.5085	0.85-0.75c pm	3.83	2.05-1.95 pm	3.1
Nethlnd.	4.35½-4.40½	4.37¼-4.38¼	2¾-1¾c pm	6.17	6¼-5¼ pm	5.[illegible]
Belgium	63.60-64.15	63.75-63.85	25-15c pm	3.76	60-50 pm	3.[illegible]
Denmark	11.44-11.53	11.47-11.48	2½-½ore pm	1.57	3-1 pm	0.[illegible]
Ireland	1.0520-1.0580	1.0548-1.0558	23-33p dis	−3.18	79-89 dis	−2.[illegible]
W. Ger.	3.96½-4.01	3.98-3.99	3¼-2¾pf pm	9.41	8¼-7¾pf pm	8.[illegible]
Portugal	104.60-105.70	105.30-105.60	40-100c dis	7.97	135-235 dis	−7.[illegible]
Spain	141.50-143.10	142.05-142.15	80-30c pm	4.64	105-55 pm	2.[illegible]
Italy	1,785-1,803	1,797¼-1,795¼	1-3 lire dis	−1.33	¾-2¾ dis	−0.[illegible]
Norway	10.95-11.02	10.98¾-10.98¾	5½-3½ore pm	4.91	14¾-12¾ pm	5.[illegible]
France	9.20-9.28	9.22-9.23	3¼-2½c pm	3.58	7¾-6¾ pm	3.[illegible]
Sweden	9.16-9.25	9.21-9.22	3½-1½ore pm	2.83	8½-6½ pm	3.[illegible]
Japan	460-470	463½-464½	4.10-3.70y pm	10.07	10.25-9.85 pm	8.[illegible]
Austria	29.10-29.40	29.23-29.28	20-10gro pm	6.15	47-37 pm	5.[illegible]
Switz.	3.54½-3.60½	3.57¼-3.58¼	4¾-3¾c pm	13.84	12¼-11¼ pm	13.[illegible]

Belgian rate is for convertible francs. Financial franc 66.65-66.75c pm. Six-month forward dollar 3.12-3.07c pm; 12-month 5.50-5.40c pm.

THE DOLLAR SPOT AND FORWARD

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1350-2.1675	2.1515-2.1525	0.77-0.67c pm	4.01	1.83-1.73 pm	3.[illegible]
Ireland†	2.0360-2.0475	2.0385-2.0415	1.35-1.15c pm	7.38	3.50-3.20 pm	6.[illegible]
Canada†	85.75-85.80	85.76-85.80	0.03-0.01c pm	0.28	0.05-0.02 pm	0.[illegible]
Nethlnd.	2.0300-2.0420	2.0390-2.0410	0.55-0.45c pm	2.94	1.20-1.10 pm	2.[illegible]
Belgium	29.60-29.70	29.66-29.68	0.01c dis-0.01 pm	—	0.02 dis-par	0.[illegible]
Denmark	5.3255-5.3290	5.3260-5.3285	0.65-1.15ore dis	−2.02	3.25-3.75dis	−2.[illegible]
W. Ger.	1.8495-1.8515	1.8500-1.8510	0.90-0.80pf pm	5.51	2.50-2.40 pm	5.[illegible]
Portugal	48.80-49.15	49.07-49.12	35-45c dis	−9.77	90-130 dis	−8.[illegible]
Spain	66.10-66.20	66.13-66.16	par-10c dis	−0.91	25-35 dis	1.[illegible]
Italy	834.25-836.40	835.90-836.30	3.25-4.25 lire dis	−5.38	7.25-8.25dis	−3.[illegible]
Norway	5.0910-5.1150	5.1115-5.1125	0.75-0.25ore pm	1.17	2.55-2.05 pm	1.[illegible]
France	4.2800-4.2880	4.2800-4.2840	par-0.10c dis	−0.14	0.15-0.35dis	−0.[illegible]
Sweden	4.2700-4.2860	4.2847-4.2857	0.20ore pm-par	0.28	0.50-0.30 pm	0.[illegible]
Japan	215.50-216.50	215.60-215.80	1.15-1.05y pm	6.12	3.00-2.90 pm	5.[illegible]
Austria	13.58-13.60½	13.59¾-13.60¼	4.50-3.50gro pm	3.53	13.50-10.50pm	3.[illegible]
Switz.	1.6590-1.6620	1.6600-1.6615	1.43-1.38c pm	10.15	4.12-4.07 pm	9.[illegible]

† UK, Ireland and Canada are quoted in U.S. currency. Forward premium and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

June 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.698357	0.633002
U.S. $	9½	1.29269	1.36760
Canadian $	11¼	1.51284	1.60078
Austria Sch.	3¾	17.4938	[illegible]
Belgian F.	9	38.1731	40.4194
Danish K.	8	6.85320	7.24828
D mark	4	2.37971	2.51844
Guilder	7	2.61188	2.76734
French Fr.	9½	5.52043	5.84170
Lira	10½	1074.23	1136.82
Yen	4¼	279.609	293.036
Nrwgn. K.	7	6.55523	6.93715
Spanish Pes.	8	85.3990	90.2958
Swedish Kr.	6½	5.50751	5.83038
Swiss Fr.	1	2.12105	2.24628

CURRENCY MOVEMENTS

June 26	Bank of England Index	Morgan Guaranty changes
Sterling	68.9	−35.9
U.S. dollar	85.0	−8.4
Canadian dollar	81.0	−16.7
Austrian schilling	146.5	+18.7
Belgian franc	113.6	+13.1
Danish kroner	113.9	+2.5
Deutsche Mark	151.3	+42.7
Swiss franc	187.8	+82.9
Guilder	123.2	+18.8
French franc	99.2	−7.1
Lira	54.5	−49.2
Yen	135.2	+31.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 26	£	$		£ Note Rates
Argentina Peso	2798-2818	1300-1309	Austria	28¼-29¼
Australia Dollar	1.9145-1.9185	0.8895-0.8915	Belgium	66-67
Brazil Cruzeiro	54.42-55.42	25.29-25.75	Denmark	11.40-11.50
Finland Markka	8.35-8.37	3.8880-3.8900	France	9.15-9.25
Greek Drachma	78.515-80.405	36.48-37.35	Germany	3.92-4.02½
Hong Kong Dollar	10.935-10.960	5.0960-5.1000	Italy	1,765-1,805
Iran Rial	153.75-163.75	72.75	Japan	460-470
Kuwait Dinar (KD)	0.591-0.601	0.2767-0.2769	Netherlands	4.34-4.44
Luxembourg Frc.	63.75-63.85	29.65-29.68	Norway	10.90-11.00
Malaysia Dollar	4.6650-4.6760	2.1680-2.1690	Portugal	101-106
New Zealand Dlr.	2.1235-2.1305	0.9865-0.9900	Spain	140-144
Saudi Arab. Riyal	7.26-7.36	3.3840-3.3885	Switzerland	3.50-3.60
Singapore Dollar	4.6610-4.6720	2.1655-2.1675	United States	2.15½-2.16½
Sth. African Rand	1.81-1.82	0.8410-0.8455	Yugoslavia	39½-42½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.3534	+2.29	+1.47	±1.53
Danish Krone	7.08592	7.25851	+2.40	+1.63	±1.635
German D-Mark	2.51064	2.52021	+0.38	−0.44	±1.1325
French Franc	5.79831	5.84139	+0.74	−0.08	±1.35
Dutch Guilder	2.72077	2.76844	+1.75	+0.93	±1.5075
Irish Punt	0.662638	0.669007	+0.96	+0.14	±1.665
Italian Lira	1148.15	1134.30	−1.21	−1.21	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.152	3.985	464.0	9.225	3.578	4.378	1796.	2.508	63.80
U.S. Dollar	0.465	1.	1.852	215.6	4.287	1.662	2.034	835.5	1.165	29.65
Deutschemark	0.251	0.540	1.	116.4	2.315	0.898	1.098	451.3	0.629	16.01
Japanese Yen 1,000	2.155	4.638	8.588	1000.	19.88	7.710	9.434	3876.	5.405	137.5
French Franc 10	1.084	2.333	4.320	503.0	10.	3.878	4.745	1949.	2.719	69.16
Swiss Franc	0.280	0.602	1.114	129.7	2.579	1.	1.224	502.7	0.701	17.83
Dutch Guilder	0.228	0.492	0.910	106.0	2.107	0.817	1.	410.6	0.573	14.57
Italian Lira 1,000	0.556	1.197	2.216	258.0	5.130	1.989	2.434	1000.	1.395	35.46
Canadian Dollar	0.399	0.858	1.589	185.0	3.678	1.426	1.745	717.0	1.	25.44
Belgian Franc 100	1.567	3.373	6.246	727.3	14.46	5.607	6.861	2819.	3.931	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.45-10.55 per cent; six months 10.35-10.45 per cent; one year 10.05-10.15 per cent.

June 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14½-15	10⅝-10⅞	9½-10½	7-7¼	⅝-¾	5⅛-5½	8½-9½	20-21	—	2⅝-7⅛
7 days' notice	14½-15	10½-10¾	9½-10½	7-7½	1¼-1⅜	5⅜-5½	8½-9½	18-20	10⅝-10¾	[illegible]
Month	14¼-14⅝	10⅜-10⅝	10⅝-11	8-8¼	½-1⅛	5⅞-5⅞	11-11¼	13-14	10⅝-10⅞	[illegible]
three months	14¼-14⅝	10⅞-11⅛	10⅞-11⅛	8¾-9	1⅛-1¼	5⅞-5⅞	11⅛-11⅜	13½-14½	10⅞-11⅛	5⅞-5⅞
six months	13⅝-14	10⅞-10⅞	10⅞-11⅛	9⅛-9⅜	1¾-1⅞	6⅛-6⅛	11¼-11½	13¾-14¾	10⅞-11	[illegible]
one year	14-14¼	10⅛-10⅜	10¼-10⅝	9⅜-9⅜	2⅛-2¼	6⅛-6⅛	11¼-11½	15-16	10⅜-10⅝	5-5⅛

Long-term Eurodollar: two years 10-10¼ per cent; three years 9 13/16-10 1/16 per cent; four years 9¾-10 per cent; five years 9 11/16-9 15/16 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Further cut in Dutch rate

The official Dutch call money rate was cut yesterday by ¼ per cent to 6¾ per cent, quickly following last week's reduction from 7¼ per cent to 7 per cent. Conditions were much easier in the money market yesterday with the fresh source of funds coming mainly as Government disbursements. Rates were generally expected to remain fairly stable, although official payments due at the beginning of July are likely to push up rates once more.

In the interbank market call money fell sharply to 6¾-7¼ per cent from 7¾-7¾ per cent, and the one-month rate also reflected the easier trend at 8-8¼ per cent against 8½-8¾ per cent. The three-month rate was quoted at 8¾-8¾ per cent from 8¾-8¾ per cent, with six-month money at 9¼-9¾ per cent against 9¼-9½ per cent.

FRANKFURT — Interbank money rates showed a rather mixed pattern yesterday with call money quoted at 5.50-5.70 per cent against 5.50-5.60 per cent and one-month money easing to 5.50-5.70 per cent from 5.65-5.85 per cent. The three-month rate was also down at 6.30-6.50 per cent compared with 6.40-6.60 per cent on Monday, and six-month money eased from 6.70-6.90 per cent to 6.60-6.80 per cent. On the other hand 12-month rose to 7.10-7.30 per cent from 7.00-7.20 per cent.

PARIS—Interest rates continued to firm yesterday following Monday's decision by the authorities to raise their money market intervention rates. While call and one-month money remained steady at 8¼ per cent and 8½-8¾ per cent respectively, longer term rates were quoted higher, with three-month money at 9-9⅛ per cent against 8 15/16-9 1/16 per cent previously, and six-month money rising from 9 7/16-9 9/16 per cent to 9½-9¾ per cent.

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit proved to be in shorter supply than originally expected in yesterday's money market, and the authorities gave assistance by buying a small amount of Treasury bills and a small amount of corporation bills. In addition they lent a large amount to six or seven houses at MLR, for repayment today. Total assistance was termed as very large. There were no factors in the market's favour, but on the other side revenue transfers to the Exchequer exceeded Government disbursements by a small amount, and there was a small rise in the note circulation. Banks brought forward balances some way below target and there was the repayment of Monday's moderate official advances.

Discount houses were paying 13-13½ per cent for secured call loans at the start with closing balances taken in the region of 13½-13¾ per cent. In the interbank market overnight loans opened at 14-14½ per cent and rose to 14½-14½ per cent before touching 14½-14¾ per cent at noon, its highest level for the day. Rates tended to ease during the afternoon to close at 13½-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 26 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ✝	Eligible Bank Bills ✝	Fine Trade Bills ✝
Overnight	—	13½-14¾	—	—	—	14½	13½-14	—	—	—
2 days notice	—	—	13⅞-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14¼	13⅞-14⅛	—	14⅜	14½	13⅞-14⅛	—	—	—
One month	14 1/16-13 15/16	14-14⅛	13⅞-14⅛	14⅜-14⅛	14⅜	14½	13¾	13 9/16	13 31/32-14	14⅝
Two months	14-13⅞	13⅞-14	—	14⅛-13⅞	14 1/16	14½	13¾	13 9/16	13 29/32-13 13/16	14⅜
Three months	13 13/16-13 11/16	13⅞-14	13⅞-13 13/16	14-13¾	14¼	—	13⅝	13 15/32-13⅝	13 11/16	14
Six months	13½-13¼	13 7/16-13 9/16	13¼-13½	13-12⅝	13¾	—	—	—	12 15/16-12⅞	14
Nine months	13⅛-12⅞	13-13¼	—	13⅛-12¾	13½	—	—	—	—	—
One year	13 1/16-12 13/16	12¾-12⅞	12½-12⅞	13-12⅝	13¼	—	—	—	—	—
Two years	—	—	12⅞-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. • Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 12¾-13¼ per cent; five years 13-13¼ per cent. ✝Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13 9/16 per cent; four-months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13⅛ per cent; two-months 13¼ per cent; three months 13 9/32-13 13/16 per cent. Approximate selling rate for one-month bank bills 13 11/16-13⅝ per cent; two-month 13 21/32-13 11/16 per cent; and three-month 13 9/16 per cent, one-month trade bills 14⅜ per cent; two-month 14⅛ per cent; and three-month 13¾ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 12 per cent from June 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2562 per cent.

GOLD

Weaker trend

Gold fell $1½ to close at $281½-$282¼ in moderate trading. It opened at $282½-$283¼ and was fixed at $281.90 in the morning and $281.45 in the afternoon. The krugerrand's premium over its gold content widened to 3.41 per cent from 3.22 per cent.

	June 26	June 25
Gold Bullion (fine ounce)		
Close	$281½-282¼ (£130.8-131.2)	$283-283½ (£131.6-131.4)
Opening	$282½-283¼ (£130.7-131.1)	$283½-284 (£131.7-132.0)
Morning fixing	$281.90 (£130.660)	$284.50 (£131.53)
Afternoon fixing	$281.45 (£131.212)	$283.85 (£131.260)
Gold Coins, domestically		
Krugerrand	$290½-292½ (£135-136)	$291½-293 (£135-136)
New Sovereigns	$73¼-75¼ (£34-35)	$73¼-75½ (£34-35)
Old Sovereigns	$88¼-90¼ (£41-42)	$88½-90½ (£41-42)
Gold Coins, internationally		
Krugerrand	$290½-292½ (£135-136)	$291¼-293 (£135-136)
New Sovereigns	$73¼-75¼ (£34-35)	$73½-75½ (£34-35)
Old Sovereigns	$88¼-90¼ (£41-42)	$88½-90½ (£41-42)
$20 Eagles	$398-403	$405-410
$10 Eagles	$223-228	$226-231
$5 Eagles	$157-162	$159-164

In Paris the 12½ kilo gold bar was fixed at FFr 40,900 per kilo ($295.43 per ounce) in the afternoon, compared with FFr 40,9[illegible] ($297.90) in the morning, and FFr 41,000 ($298.61) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 16,785 per kilo [illegible]

MONEY RATES

NEW YORK

Prime Rate	11.5-11.[illegible]
Fed Funds	10.3125
Treasury Bills (13-week)	8.70
Treasury Bills (26-week)	8.82

GERMANY

Discount Rate	4
Overnight Rate	5.60
One month	5.80
Three months	6.40
Six months	6.80

FRANCE

Discount Rate	9.5
Overnight Rate	8.25
One month	8.5625
Three months	9.0625
Six months	9.6

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.50
Bills Discount (three-mth.)	6

هكذا من الأصل

The contest for influence over Furness, Withy

BY JOHN MOORE

ITTY controversies in 'ears have generated as eat as the contest of iternational and Euro- Shipholdings for an over the affairs of Withy, the British group.

shareholders of Furness ir seats at their annual meeting tomorrow they ig to be asked to vote e important proposals ward by KCA Inter- the implications of have been largely by the sound and fury.

centre of the fray are Bristol, chairman and ecutive of KCA Inter- an oil servicing and *ng group;* and Mr. Narby, chief executive canadian Shipholdings, Canadian-owned ship- up based in Switzerland muda.

individual association rness goes back some but their respective in the company were ed last month when ught a 3.75 per cent Furness for £2.89m. At e time KCA bought 8.4 per cent stake from idian Shipholdings in a d settlement" arrange- hich means that pay- uld be delayed.

istol and his company 12.13 per cent stake in while Mr. Narby and dian retains a 10 per ling.

when it was formerly Berry Wiggins, joined ness, Withy in an oil venture in 1973. A was formed called th Marine Drilling in CA held a 40 per cent Furness, Withy 20 per h Norwegian interests he balance.

hen KCA has reduced ig to 10.5 per cent in th and Furness has its own stake to 49.5

association between and KCA has been an one. Lack of profit- at Kingsnorth has KCA to attack as manager of the for failing to provide management expertise. rgues that through a of the oil service of the two groups th could be made . Moreover, an en- larged oil service group would be better placed to compete in world markets which are dominated by overseas interests.

How any merger of the oil interests might be effected has not been explained but one suggestion is that there should be an issue of Furness, Withy *shares to KCA with the appoint*ment of Mr. Bristol as manager of the combined interests.

Meanwhile Mr. Bristol wants a seat on the Furness Board because KCA holds the largest declared shareholding. He also thinks that Furness, Withy's diversification policy needs reappraisal, and he would like to contribute to that policy.

The ambitions of Mr. Bristol are backed by Mr. Frank Narby of Eurocanadian.

Mr. Narby's association with Furness dates back to 1974 when his Eurocanadian group bid for Manchester Liners, a group in which Furness was the largest single shareholder. The deal ended in deadlock with Furness, Withy holding 61.5 per cent and Eurocanadian 37.5 per cent.

At about the same time Euro*canadian was buying shares in* Furness, Withy as part of a general policy of "investment in British shipping."

Mr. Narby claimed that he had no wish to control Furness; although his eventual 24.9 per cent equity holding in the group was enough to exert a material influence on Furness Withy's policy.

At the time Mr. Narby said that he was seeking to gain Board representation to effect a merger of his Cast subsidiary company's North Atlantic container business with Manchester Liners' container operations.

In the event the Monopolies Commission ruled that the deal was against the public interest, and that because Manchester Liners and Cast were of a widely differing nature and had differing objectives, Manchester Liners "would suffer substantial disruption and damage."

Mr. Narby was required to reduce its stake in Furness Withy to not more than 10 per cent over a two-year period. Moreover, Eurocanadian is prevented from exercising voting rights on more than 10 per cent of the shares.

Holding limit

That was in 1976. Although the deadline has become a little elastic Mr. Narby had agreed to reduce his holding to not more than 10 per cent by 1980.

Like Mr. Bristol and his investment in Kingsnorth, Mr. Narby is profoundly unhappy with having so little say in the *running of Manchester Liners.* He also has his eye on the large market share that Manchester Liners holds in North Atlantic UK-Canada container operations. Hence his oblique reference in his latest letter to shareholders that a close trading relationship should be sought between Eurocanadian and Manchester Liners.

In addition he wants Furness to unlock him from his Manchester Liners' investment by buying his holding at cost of purchase and carriage.

Furness wants none of this. It is unimpressed with the record of KCA as managed by Mr. Bristol and regards his plans as too sketchy. As for Mr. Narby, Furness is prepared to sit round a table and discuss reasonable proposals about Manchester Liners.

There are three jokers in the pack. European Ferries, which holds a 5 per cent stake in Furness which it purchased from Eurocanadian, has not made its mind up about which camp to support.

Although European Ferries has expressed interest in Furness, Withy in the past its policy in the latest campaign has been *to disclaim any involvement* with the KCA-Eurocanadian camp.

If it had acted in concert with Mr. Bristol and Mr. Narby it would have only required the purchase of a 3 per cent stake in Furness by the other two combined interests to trigger a bid under the Takeover Panel's 30 per cent rule. In that situation European Ferries would have to play a key part in financing a bid with partners with which it might not wish to support.

After all in terms of relative size European Ferries has a stock market value of £150m compared with KCA's market value of £10m. Furness Withy is capitalised at £78m. Eurocanadian, a private company, has a turnover of $250m (£116m). That compares with Furness Withy's turnover of £179m, KCA's £19.1m., and European Ferries' £152m.

Then there is Rea Brothers, the merchant bank and financial advisers to Furness which could have an influence of up to 20 per cent of the Furness shares through funds managed.

Finally, there is the Office of Fair Trading which has been ruminating on whether Eurocanadian has broken the spirit if not the letter of the Monopolies Commission ruling by passing across to Mr. Paul Bristol, in an arrangement for "deferred settlement" 8.4 per cent of its shares on which under the terms of the Monopolies Commission ruling it would not have been entitled to have any voting rights.

Whatever happens at tomorrow's annual general meeting the affair is not likely to end with the vote.

WHAT THE ARGUMENT IS ABOUT

WHAT BRISTOL PROPOSES:

To be appointed a director of FW

KCA's and FW's oil service *interests to be merged into joint* venture company

FW to explore the possibility of buying Eurocanadian's shareholding in Manchester Liners.

WHAT NARBY WANTS:

New board at FW with new chairman

New financial advisers to FW

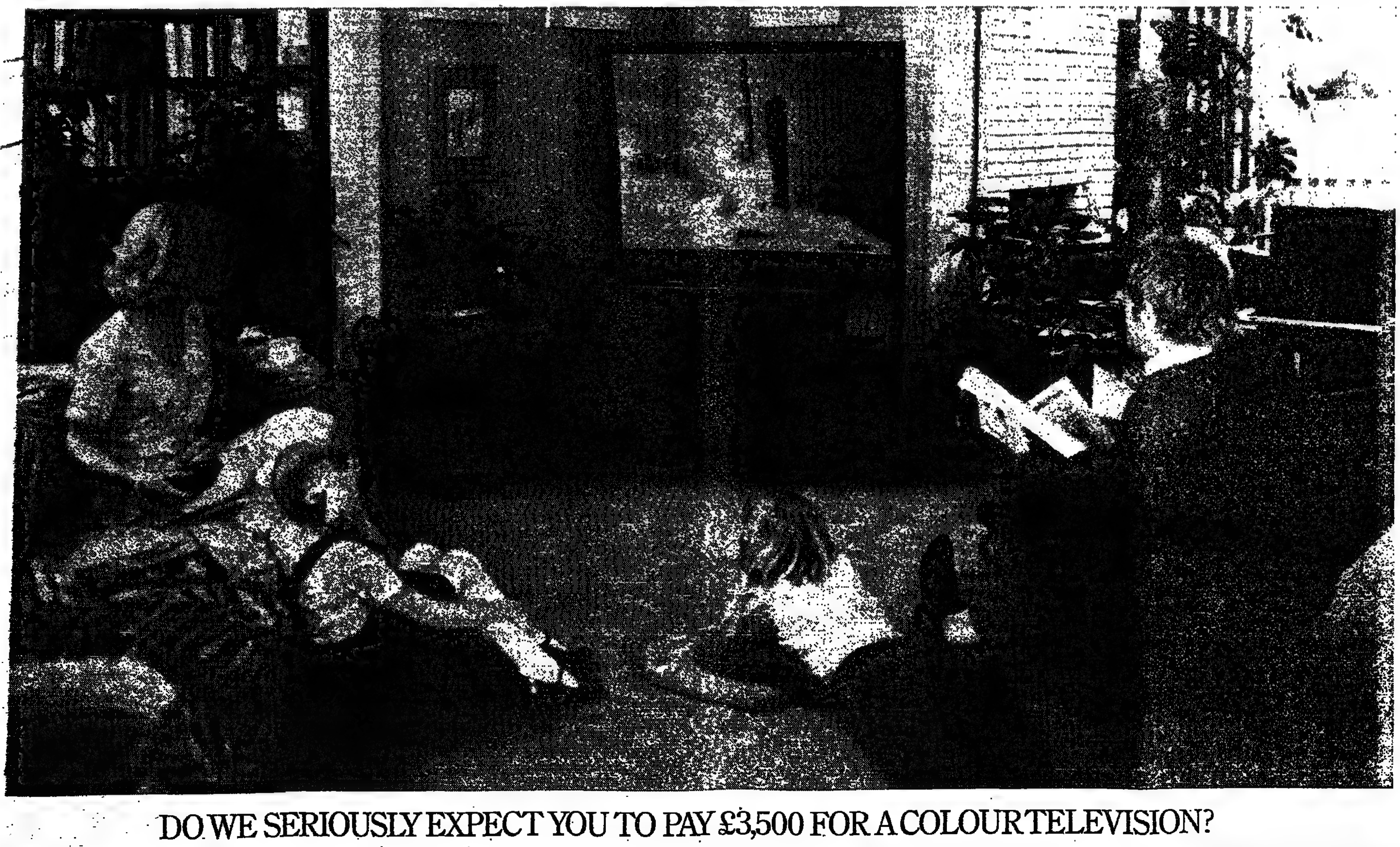
Close trading relationship with Manchester Liners, an FW subsidiary

FW to found jointly with KCA a world oil service organisation

WHAT FURNESS SAYS:

Narby and Bristol are trying to use their holdings in FW jointly to influence the running of the company to the benefit of their own interests

It is against the interests of shareholders for FW management to be under any kind of compulsion in its negotiation of agreements



NORTH AMERICAN NEWS

Senate criticism of $1bn Exxon bid

BY STEWART FLEMING IN NEW YORK

MR. HOWARD METZENBAUM, chairman of the Senate Anti-Trust Sub-committee, warned yesterday that unless Exxon Corporation can justify its $1.2bn takeover bid for Reliance Holdings in terms of potential energy savings, the deal "must not be allowed to go through."

The Senator's warning, the most outspoken formal statement on the controversial Exxon bid by a senior politician, underscores the latent opposition to the Exxon move which exists in Washington.

Exxon announced its bid for Reliance, which makes electric motors and others electrical equipment, last month. It claimed that it needed to undertake perhaps the most costly and extraordinary diversification plan proposed by any of the oil major in order to exploit a technical breakthrough in electric motor design which could save the U.S. 1m barrels of oil a day by the early 1990s.

Exxon's claims for the rationale of the deal have already come in for critical scrutiny from some of its rivals, and also from oil industry critics, who contend that the major oil companies should not be permitted to increase their power and divert funds from energy exploration by engaging in major diversification moves into unrelated businesses.

Senator Metzenbaum's comments yesterday came in the course of hearings on a Bill which would bar oil companies from making large acquisitions outside the oil industry. He said: "If Exxon truly needs Reliance to bring about major energy savings for this country, then the acquisition may be in the public interest. But if it is true that Exxon is taking advantage of the energy crisis to sell the American people on one of the largest cash acquisitions in history, then I believe that Exxon must not be allowed to proceed."

With the Federal Trade Commission poised for an investigation of the deal, and anxiety about political opposition to it building up, Reliance's shares have been selling well below the prospective cash tender price of $72 a share. In the wake of Senator Metzenbaum's comments, Reliance shares fell ¼ to $62.

Exxon commenced its formal tender offer for Reliance late last week. The offer will expire on July 11.

United Technologies defends Carrier bid

HARTFORD — United Technologies Corporation said a Securities and Exchange Commission complaint against its acquisition of a majority of Carrier Corporation "is totally unwarranted."

The company made the statement in response to the SEC's filing of a complaint, alleging that United failed to amend its filings properly in connection with the acquisition of a controlling stake in Carrier.

United said it believes it acted "lawfully and in good faith" in acquiring the stake.

United added that the possibility of the SEC complaint being issued had been disclosed by the company in its recent proxy statement calling for a special shareholders' meeting on July 5 to approve the Carrier acquisition.

The SEC alleged that when United failed to receive the controlling stake it wanted of 17m Carrier shares, it then went on to acquire a majority stake through a delayed tender and by buying on the open market, and did not amend its filings with the SEC to reflect this move.

Reuter

Supreme Court reverses Texas takeover ruling

By Our New York Correspondent

THE U.S. Supreme Court has overturned a ruling by a Federal Court in Texas which declared that the Idaho state take-over law was unconstitutional.

However, the Supreme Court's decision was based not on an examination of the issue of whether the state takeover law was or was not constitutional, but on the grounds that a Federal Court in Texas did not have the jurisdiction to decide upon the constitutionality issue.

The case arose after Idaho invoked its takeover law to delay a 1977 tender offer by Great Western United for 2m Sunshine Mining shares.

The question of the constitutionality of the takeover laws of several states has played an important role in the merger wave which has hit the U.S. in the past three years.

State courts have been reluctant to uphold the constitutionality of state takeover laws where they conflict with federal laws, but so far the Supreme Court has not ruled on the constitutionality issue as such.

Truck and van sales fall back

BY JOHN WYLES IN NEW YORK

U.S. MANUFACTURERS are drastically cutting back on their production of trucks and vans because of a steep fall in sales which, like the softening in the car market, appears to owe much to the current petrol shortage.

After three consecutive months of declining sales of vans and conventional pick-up trucks, total inventories of all classes of trucks have topped 1m units for the first time ever. As a result, the manufacturing companies have scheduled production for the July to September period which will be 21 per cent lower than a year ago.

Van sales from March to May slipped 26.7 per cent below last year's totals, while conventional pick-ups were 22 per cent lower. Medium and heavy duty trucks have fared somewhat better, because they are more capital than consumer purchases, and will be slower to respond both to rising energy costs and the general weakening of the economy which is now evident. As a result, medium duty truck sales were 1.7 per cent higher than last year by the end of May and heavy duty trucks were 20 per cent up.

The slump in vans and pick-ups is the real worry for the three majors, General Motors, Ford and Chrysler, and the fact that the problem is now hitting the four-wheel drive utility vehicle market is a serious threat to the very much smaller American Motors, whose profit recovery of the last 18 months is due entirely to the success of its Jeep range. But Jeep sales fell 18.2 per cent in May, leaving them 5.6 per cent behind the 1978 five-month total.

Moreover, fears of a petrol shortage and the desire for maximum fuel economy are working to the advantage of imported makes, as in the passenger car market where importers have been taking a 24 per cent share in the past couple of months. In May, imported trucks captured 16 per cent of the U.S. market.

Biggest loser in the van segment is the troubled Chrysler Corporation, whose sales had dropped 40.4 per cent by the end of May.

Sales of diesel trucks, more expensive but also more fuel efficient, were running 26 per cent ahead of last year.

London listing for Security Pacific

By Our Financial Staff

SECURITY Pacific Corporation, the holding company of the 10th largest bank in the U.S., is today listing its shares on the London Stock Exchange. This is part of a continuing drive by its management to make the British investing public better acquainted with this lesser known Los Angeles-based bank.

Security Pacific is currently one of the top performers among the big U.S. banks, on the strength of the growth of the banking business in California and of a radical shake-up in the bank's style which was carried out 10 years ago but which only began to produce improved profits in the middle of this decade.

Since 1974 the holding company's earnings per share have grown at a compound rate of 24 per cent and its return on equity in 1978 of 16.2 per cent was, among the top 10 U.S. banks, second only to its California rival Bank of America. As for 1979, Mr. Paul Smith, the finance director of the bank, said yesterday that he was "not uncomfortable" with predictions of a 15 per cent increase in earnings per share to around $5.96.

Charter sees bid success

JACKSONVILLE — Charter Company has restated its conviction that its bid to obtain control of a 65 per cent interest in a Bahamian refinery will succeed. Earlier Dow Jones had reported that efforts by Hideca Trading Company, a Venezuelan petroleum company, to outbid Charter for an interest in the refinery had raised doubts about Charter's plan.

Start next year for Sony Prudential Insurance

NEW YORK—The Japanese Ministry of Finance approved the establishment of Sony Prudential Life Insurance, said Mr. Akio Morita, the chairman of Sony.

He said the Sony Prudential Company will start business next year and predicted that it would become an "important part" of Sony operations.

Prudential Insurance of American announced previously that it planned a joint insurance venture in Japan with Sony.

Commenting on Sony operations, Mr. Morita said the high level of U.S. demand for colour television sets was continuing. He also predicted that Japanese demand would increase to as much as 6m colour TV sets this year from some 5.6m in 1978.

U.S. investors had reduced their holdings of Sony stock to about 8 per cent, as at April 30, from a high of 43 per cent in 1973. However, such net sales had almost stopped since May.

European investors presently hold about 8 per cent of the stock, with the balance held by Japanese investors.

The company may show a net benefit from foreign exchange currency translations in the fiscal third quarter, because of the recent appreciation of the yen against the dollar.

For the first six months of the current fiscal year, the company had a foreign exchange loss of about $60m because of a sharp drop in the yen.

Reuter

Chubb in Irish insurance venture

NEW YORK—Chubb Corporation said its Belgian subsidiary, European Federation Insurance, has been licensed to write non-life business in the Republic of Ireland.

The Irish branch is the first such operation to be established within the European Economic Community by European Federation, and marks the first step of the planned expansion of the company in the EEC.

The branch, with headquarters in Dublin, will be managed by Chubb Irish Underwriters.

The licensing continues the expansion of facilities in Europe to serve the needs of the Chubb Corporation's worldwide insurance clientele.

AP-DJ

First Lincoln talks off

MONTEREY PARK — First Lincoln Financial Corporation said that the previously announced talks with Weyerhaeuser about the possible acquisition of its Lincoln Savings and Loan Association subsidiary have been suspended.

The company said it received a letter indicating that Weyerhaeuser would not consider specific acquisition candidates in the savings and loan field until deciding whether to enter that field. Weyerhaeuser did, however, hold out hopes of resuming talks if it decides to pursue a savings and loan acquisition, First Lincoln said.

Mr. Donald W. Crocker, president of First Lincoln, said Weyerhaeuser made the initial approach.

AP-DJ

IBM anti-trust appeal fails

NEW YORK — INTERNATIONAL Business Machines Corporation has been ordered to make available more documents in a key anti-trust case, despite the company's contention that it would take 62,000 man-years to do so.

In the Federal District Court here, IBM lost its bid to quash a subpoena issued last February by the U.S. Justice Department in its massive anti-trust case. The documents relate to expected testimony by Mr. Frank T. Cary, IBM's chairman.

IBM had called the Government's demand "unreasonable and oppressive" too far reaching, and certain to "severely delay" the trial at present proceeding.

But the judge, called the demand "neither unreasonable nor oppressive."

AP-DJ

Scott & Fetzer sees record

LAKEWOOD—Scott and Fetzer, the books and vacuum cleaners concern, will report a second quarter profit rise of 10 per cent to 12 per cent despite the impact of the petrol shortage, high start-up costs at new facilities, and the adverse effects of a vacuum cleaner model change, Mr. J. F. Bradley, executive vice president-Finance, announced.

An economic slowdown appears to be underway, but Scott and Fetzer is well prepared for a possible recession.

Despite the worsening overall economy, "we continue to expect that we will have record sales and earnings" for the current fiscal year, he said.

AP-DJ

EUROBONDS

Sharp discounts fail to stir quiet dollar sector

BY FRANCIS GHILES

A $50m 15-year bond issue for Dome Petroleum with an indicated coupon of 10 per cent was announced yesterday. The bonds, which have an average life of 11.97 years, are redeemable after July 15, 1984. They are expected to be priced at 99½. Lead manager is Morgan Stanley.

Prices of dollar-denominated bonds rose by an average of ⅛ per cent in mostly professional dealing, but there was little investor interest. The rise was helped by a firmer dollar and the good performance of the New York bond market.

However, most of the issues which have started trading in the past week are standing at steep discounts. The Gulf and Western bond of 1984 was quoted yesterday at 96½-97½, the GTE of 1989 at 97-97½, the Kennecott of 1986 at 96-96½ and the GMAC of 1987 at 98-98½. The last six dollar-denominated issues to start trading are currently standing at an average discount of 2.14 per cent, well over the average selling group discount of 1½ points given to institutional investors when they purchase new paper.

What also makes dealers gloomy is the slow but inexorable rise in six-month dollar interest rates. On June 14, the six month Libor stood at 10⅛ per cent; last Monday it had risen to 10⅜ per cent, and yesterday it touched 10½ per cent.

Final terms for the $200m 30-year Yankee issue for Hydro Quebec include a coupon of 10⅛ per cent with pricing at ... Lead manager is First Boston Corporation. Another Canadian borrower, Canadian National Railways, is arranging a 25-year $150m issue in the New York market through Salomon Brothers.

The £30m 10-year issue for Finance for Industry was priced at 99½ to yield 12.64 per cent by the lead manager, S. G. Warburg. The indicated coupon of 12½ per cent was unchanged.

Prices have improved slightly in the sterling sector of the bond market since the beginning of the week, helped by the strong performance of the UK currency, but turnover remains at a low level.

In the Deutsche-Mark sector, prices of seasoned bonds were mixed but most recent issues posted further gains. The recent DM200m for Sweden was quoted at 101 in the middle, a gain of ½ point on the day while the DM100m public issue for Interamerican Development Bank moved up by 0.30 basis points to 100.60. In the domestic sector, buyers were again in evidence and the Bundesbank was able to sell DM 116m worth of bonds.

MEDIUM TERM FINANCING

Iran seeks to re-activate loan

BY JOHN EVANS

AN IRANIAN Government agency, the Telecommunications Company of Iran (TCI), is seeking to re-activate a $250m loan it had previously arranged with Western banks on the international capital markets.

If the banks concerned agree to allow fresh drawings, this will mark the first Iranian governmental borrowing from the Euromarkets since the overthrow of the Shah, bankers believe.

The current negotiations on the loan are arousing wide attention in the Euromarkets, as the TCI request may indicate an emerging interest by the Iranian Government in resuming overseas borrowing.

Tehran officials have tended to cast doubts in the past on the possibility that Iran will float new loans overseas. But such borrowings may help to give the Government some valuable breathing space in meeting its existing foreign debt commitments, which it has calculated at some $5bn for both private and official obligations.

Not all bankers, however, are convinced that foreign borrowings will be necessary. The resumption of oil exports from Iran, at much higher price levels, is probably generating sufficient cash flow to enable the Government to meet commitments, according to these bankers.

The negotiations for the TCI loan are meanwhile being held up by a technical problem.

The original commitment period on the loan expired earlier this month, meaning that the facility was no longer eligible for further drawings by the borrower. The banking syndicate which extended the funds is currently considering a suggestion to extend the commitment period and so allow further drawings.

Chase Manhattan of New York is agent bank for the loan which was arranged in December 1977 and has only partly been drawn by the borrower.

In another development over Iranian loans, the Tehran banking authorities are reported to be unwilling to pay any "default" interest on certain Euromarket credits where normal servicing has been delayed in recent months.

The loans involved are to the Government of Iran, the National Petrochemical Company and the National Gas Company.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	98½	99	0	0	10.20
Alex Howden XW 9½ 91	30	87½	87⅞	−0½	−1	11.47
Avco O/S Cap. 10½ 87	40	97¼	97¾	−0¼	−0⅜	10.73
Bayer Int. F. XW 7¾ 89	200	84¼	84⅞	+0¼	−1	9.78
CECA 9¼ 84-99	50	95¼	95½	−0⅛	−0½	9.90
Canada 9 83	400	98½	99	+0⅛	−0⅛	9.57
Canada 9¼ 98	350	98⅜	98⅞	+0⅛	−0⅛	9.62
Canadian Pacific 9¾ 89	50	98½	98⅞	0	−0⅛	9.97
Comalco Inv. E. 10¼ 91	40	99	99½	−0⅛	−0⅜	10.38
Dominion Bridge 10¼ 84	30	99	99½	0	−0½	10.45
Dow Chem. O/S 9⅝ 94	200	98⅜	99⅛	+0⅛	−0⅛	9.74
EIB 9⅛ 98	125	96	96½	0	+0⅛	9.90
EIB 9⅝ 86	150	99⅝	100⅛	0	−0⅛	9.88
EIB 9⅞ 99	100	100¼	100¾	+0⅛	−0⅜	10.06
EIB 9⅞ 87	150	100½	101	−0⅛	−1	9.87
EIB 10 99	150	100½	101	−0⅛	−0⅞	10.16
Export Dv. Cpn. 9.85 84	150	100⅜	101⅛	0	−0⅛	9.80
Export Dv. Cpn. 9⅜ 84	100	97½	98	0	−0⅜	9.85
Eksportfinans 9 86	50	96	98½	+0⅛	−0⅛	9.73
Finland 9½ 86	100	97⅝	98⅛	+0⅜	−0⅜	9.93
GTE Fin. 9½ 84	50	97⅜	98⅛	−0⅜	−0⅜	10.03
Gould Int. Fin. 9¾ 85	[illegible]	99⅛	99⅝	+0⅛	−0½	9.88
Hospital O/S 9 83	25	96½	97	0	−0⅜	9.96
Hudson Bay Co. 10 94	50	100⅜	101⅛	0	−0⅛	9.87
Itel Finance 9½ 80	[illegible]	91	92	+0⅛	−0⅛	11.09
Itel Finance 10½ 93	40	†94	94¾	0	+0⅛	11.31
ITT Antilles 9½ 89	[illegible]	96¾	97¼	−0⅛	−1⅛	9.98
Kennecott Int. 9½ 86	100	96⅛	96⅝	0	0	10.25
Manitoba 9½ 89	[illegible]	97¼	97¾	0	−0⅛	9.90
New Brunswick 9¾ 94	75	97½	98	+0⅛	−0⅛	10.04
Newfoundland 10 94	50	99⅝	100⅛	0	−0⅞	10.00
Norsk Hydro 9¼ 94	50	95¼	95¾	+0⅛	−0⅛	9.83
Norway 9¾ 84	150	100¼	101⅛	+0⅛	−0½	9.73
Norway 9½ 84	150	99¼	99¾	+0⅛	−0½	9.75
Nova Scotia Pwr. 9⅞ 89	50	97⅞	98⅜	0	−0⅛	10.05
Occidental Fin. 10¼ 84	50	99¼	99¾	+0⅛	−0⅛	10.38
Pennwalt O/S F. 9¾ 84	25	99¼	99¾	+0⅛	−0⅛	10.04
Portland 10 84	50	97¼	97¾	+0⅛	−0½	10.08
Quebec Hydro 10 99	75	95½	96⅛	0	−0⅛	10.42
Redland Fin. XW 9½ 91	25	92½	92⅞	−0⅛	−1	10.65
Sears Roebuck 9 82	150	97¾	98¼	+0⅛	−0⅛	9.85
Stockholm 9⅞ 94	60	100⅜	100⅞	−0⅛	−0⅛	9.90
Sweden 9⅜ 83	100	99	99½	−0⅛	−0⅜	9.36
Sweden 9½ 86	200	98⅞	99⅜	−0⅛	−0⅛	9.82
U.S. Leasing Intl. 10 84	20	97⅜	97⅞	+0⅛	−0⅛	10.70

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	93¾	94¼	0	+0⅛	6.57
Argentina 6½ 88	150	89⅝	90⅛	−0¼	0	8.05
Argentina 7½ 89	150	94½	95	0	−0⅛	8.30
Australia 6 88	250	94⅞	95⅜	+0⅛	+2⅛	6.71
Austria 5¾ 90	150	88½	89¼	+0⅛	+0⅜	7.21
Banco Desarrollo 7¼ 86	100	95¾	96½	−0⅛	−0⅛	8.01
Barclays O'seas 6⅞ 89	100	97⅛	97⅞	−0⅛	+0⅛	7.11
Bq. Ext. Algerie 7¾ 85	100	95½	95⅞	+0⅛	+1⅛	8.17
Brazil 7¾ 87	150	96½	97¼	−0⅛	+0⅛	7.80
CECA 6 88	150	90¾	91¼	0	+0⅛	7.40
CECA 7 91	150	97½	98¼	0	+0⅛	7.27
Copenhagen City 6 90	75	88½	89¼	−0⅛	+0⅞	7.48
Council of Eur. 6¾ 88	130	92	92¾	+0⅜	+0½	7.40
Council of Eur. 7¼ 89	100	99⅜	99⅞	−0⅛	+0⅛	7.45
Denmark 5¾ 85	100	93⅞	94⅜	−0⅛	+0⅛	7.05
Denmark 6½ 89	100	93⅜	94⅛	−0⅛	−0⅛	7.43
EIB 6 90	300	89¾	90½	−0⅛	+1⅛	7.31
EIB 6½ 91	200	93¼	93½	−0⅛	+1⅛	7.35
EIB 7½ 89	200	100¼	101	+0⅛	+1⅛	7.39
Eletrobras-Brazil 7 87	100	93⅜	95⅛	0	+0½	7.91
Eurofima 6½ 89	100	98¼	99⅛	+0⅛	+0⅛	6.67
Finland 6 83	150	98⅜	99⅛	0	+0⅛	6.32
Indonesia 7 84	100	96½	96⅞	+0½	+0⅛	7.79
Megal Fin. 7 89	150	99½	99¾	+0⅛	+0⅛	7.16
Mitsubishi Chem. 6½ 84	70	100	100½	−0⅛	+0⅜	6.40
New Zealand 6¾ 87	200	96¼	96⅞	−0⅛	+0⅞	6.85
Nippon Kokan 6½ 84	100	99½	100⅛	0	0	6.55
Nippon Tel. & T. 5½ 87	100	97¼	97⅞	0	+1⅛	6.79
Nordic Inv. Bk. 6½ 86	60	94⅞	95⅜	−0⅛	0	[illegible]
Norway 6¾ 84	200	99¼	100½	0	−0⅛	6.71
Occidental 6¾ 90	150	93½	94¼	+0⅛	+0⅜	7.59
OKB 6½ 88	100	95¾	97	+0⅛	−0⅛	6.59
OKB 6 87	40	91	92	0	0	7.50
Statoil 6 88	150	93	93¾	+0⅛	+1⅞	7.07
Statoil 6½ 89	150	*196⅛	97⅛	0	0	6.95
Tel. n Elec. Pwr. 6½ 85	200	97½	97¾	+0⅛	+0⅛	7.00
Venezuela 6½ 90	150	89⅞	90⅜	0	+0⅛	7.82
World Bank 6½ 88	400	92	92½	0	+0⅛	7.41

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	91	91½	+0½	+1¼	4.33
Asian Dev. Bank 3½ 94	100	83¼	84	0	+1¼	5.09
Austria 3½ 93	100	[illegible]	88	0	+1⅞	4.57
Australia 3¾ 89	250	93½	94	+0½	+1⅛	4.42
Brazil 4¾ 88	100	94½	94¾	+0⅛	+1⅛	5.03
Canada 3⅞ 89	300	93½	93⅞	−0⅛	+1½	4.43
Council of Eur. 4¼ 90	100	94½	94⅞	+0⅛	+2	4.87
Bankamerica 3¾ 93	80	95½	95¾	+0⅛	+1⅛	4.17
BNDE 5 88	75	100	100⅛	0	+0⅛	4.98
EIB 4½ 91	100	98⅛	99	+0⅛	+0⅛	4.62
Heron 4¾ 89	35	[illegible]	91¼	−0⅛	+0⅛	5.45
ICI Fin. NV 3½ 94	220	90¼	90½	−0⅛	+0⅞	4.40
Malaysia 4¾ 90	90	95⅛	96½	−0⅛	+1⅛	5.18
New Zealand 3½ 94	120	90⅜	90⅞	+0½	+1⅛	4.37
OKB 3¾ 91	100	90⅜	90⅞	0	+0½	4.80
Pfand Ost. Lande 4 90	60	94½	94¾	+0⅛	+2¼	4.64
Philippines 4¾ 89	50	97	97½	−0½	+1	5.13
Sandvik 4 90	25	93	93½	−0⅛	+0⅛	4.79
Spain 4 94	100	92½	92⅞	+0½	+1½	4.25
Vienna 4 93	100	93	93½	+0⅛	+2½	4.65
Voest-Alpine 4¾ 89	90	103½	103¾	+0⅛	+0½	4.21
World Bank 4¾ 93	100	102⅞	103½	+0⅛	+0½	4.21

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅜ 88	15	85½	86⅛	−0⅛	−0⅛	7.97
Australia 5.6 83	30	91⅛	92⅛	0	−0⅛	7.88
Australia 6½ 88	20	[illegible]	91½	0	+0⅛	6.06
Finland 5.6 83	10	90⅝	91½	+0⅛	0	[illegible]
Finland 6.8 88	10	90½	91½	0	−0⅛	8.35

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	†96	96½	0	−1½	10
Avco Fin. 10½ 86 C$	25	96⅛	96⅞	0	−0⅛	10
Ex. Dev. Cpn. 10 84 C$	60	99	99¼	+0⅛	−0⅛	10
Fst. Can. Inv. 10 84 C$	60	98½	99	+0⅛	−0⅛	10
Hudson Bay 10⅜ 89 C$	60	99½	100	0	−0⅛	10
Quebec 10⅛ 86 C$	50	97¾	98¼	0	−0⅛	10
R. Bk. Canada 10 86 C$	40	99⅝	100⅛	+0⅛	+0½	9
R. Bk. Canada 10 94 C$	40	96⅜	96⅞	+0⅛	−0⅛	10
Copenhagen 8¾ 91 EUA	[illegible]	†97½	98½	−0⅞	−0⅛	8
Komm. Inst. 7½ 93 EUA	15	†94⅛	95⅛	+0⅛	−1½	8
Panama 8⅛ 93 EUA	20	†94	95	+0½	−1	8
SOFTE 8¾ 89 EUA	40	†96	97	+0½	0	8
Algemene Bk. 6¾ 83 Fl	[illegible]	92⅛	93⅛	−0⅛	−0⅛	8
CFE Mexico 7¾ 83 Fl	75	94⅛	95⅛	+0⅛	0	9
EIB 7¾ 85 Fl	75	91⅛	91⅞	0	0	8
Ned. Middbk. 8¼ 84 Fl	75	98⅛	98⅞	−0⅛	0	8
New Zealand 8¼ 84 Fl	75	90½	91⅛	−0⅛	−0½	8
Norway 8¼ 84 Fl	100	97⅛	98½	0	−0⅞	8
Elf Aquitaine 9¾ 88 FFr	150	96¼	98½	−0⅛	−0⅛	10
EIB 9⅛ 88 FFr	200	95⅞	96⅛	−0⅛	−0⅛	10
Euratom 9⅝ 87 FFr	150	95⅞	96⅞	−0⅛	−0½	10
Norway 9⅛ 84 FFr	200	96	97	−0⅛	−0⅛	10
PSA Peugeot 9¾ 87 FFr	175	95⅛	96½	−0⅛	−0⅛	10
Saint-Gobain 9⅝ 86 FFr	[illegible]	95⅞	96⅞	−0½	−0½	10
Solvay et Cie 9¾ 87 FFr	125	95⅛	96⅛	−0⅛	−0⅞	10
Total Oil 9⅞ 87 FFr	150	93¾	94½	−0⅛	−1	10
Unilever 10 86 FFr	100	98¼	99	−0⅛	−0⅛	10
CECA 9⅞ 89 £	20	[illegible]	89¼	−0⅛	−1⅛	11
Citicorp 10 93 £	20	89⅞	90⅛	−0⅛	−0⅛	11
EIB 9¾ 88 £	25	89⅛	89⅞	−0⅛	−1⅛	11
EIB 11½ 91 £	[illegible]	94½	95⅛	−0⅛	−0½	12
Finance for Ind. 13 91 £	15	99⅜	100½	+0⅛	+0½	12
Gen. Elec. Co. 12¼ 89 £	50	98¼	98⅞	−0½	−0⅛	12
Euratom 8 87 LuxFr	500	†97½	98¼	0	+0⅛	8
Norges Km. 8 88 LuxFr	500	†95½	96¼	0	−1⅛	8
Oslo, City of 8 89 LuxFr	500	†97⅛	98⅛	0	−0⅛	8
Solvay Fin. 8 85 LuxFr	500	†97	98	0	+0⅛	8
Swedish Bk. 8 88 LuxFr	500	*†96⅛	97⅛	0	0	8

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BBL (Cayman) M6.5 94	0¼	*†112	13	25/12	10.94	87
BFG Fin. Co M5.5 89	0¼	98½	99	12/7	12.4	12
BNDE M6 89	0¼	96¾	97¼	21/9	11⅛	11
Banco di Roma M5 87	0¼	98⅜	98⅞	26/10	11.19	11
Bco. El Salvador M8 83	1¼	†95	95½	12/10	12¼	12
Bco. Nac. Argent. 7 86	0¼	97⅝	98⅛	22/9	11⅛	11
Banco Prov. BA M7¾ 86	0¼	98⅛	98⅝	12/6	11	11
Banco Urquijo 6 88	0¼	97⅞	98⅜	21/9	11½	11
Bank of Tokyo M5½ 93	0¼	98⅞	99⅜	18/10	11⅜	11
Bq. Ext. d'Alg. M7.5 85	0⅜	95⅛	95⅞	2/11	11⅞	12
BNP 5¼ 91	0¼	98⅜	98⅞	22/2	11⅜	11
Citicorp O/S Fin. 6 94	0¼	99½	100	8/9	10.69	10
Creditanstalt M5½ 91	0¼	98	98½	14/9	10⅞	11
Gotabanken M5 88	[illegible]	98½	98⅞	15/5	11½	11
Ind. Bk. Japan M5½ 85	0¼	99½	100⅛	1/12	10.94	10
Jugobanka M8 89	0⅜	95⅞	96⅞	23/11	11⅞	12
LTCB Japan M5¾ 85	[illegible]	99½	99⅞	9/10	11⅝	11
LTCB Japan M5¼ 89	0¼	99	99½	7/12	11⅛	11
Mfrs. Han. O/S M5¼ 94	0¼	99⅛	99⅝	23/8	11.19	11
Nino Crdt. Bk. M5.5 86	0¼	99½	99⅞	22/12	10.94	11
OKB M5¼ 88	0¼	99½	99⅞	18/10	11.44	11
Petro Mexicano M7 84	0⅜	99⅛	99⅝	24/7	12.06	12
Privredna Banka M8 86	0⅞	95⅞	96⅜	20/12	11.68	12
Sundsvallsbankn. M6 85	0¼	98½	98⅞	4/10	11.06	11
Texas Int. Air. M7 86	0¼	95⅞	96⅞	11/10	11½	11
TVO Pwr. M9 91 (D-L)	0¼	97⅜	98⅛	24/11	11⅜	11
Utd. Overs'a Bk. M6 89	0¼	97⅜	98⅛	29/9	11.14	11
Bq. d'Alg. M4 25 89 SF	0⅜	97⅜	97⅞	18/12	4⅛	4

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ciba-Geigy O/S F. 4 94	9/79	675	93	94	+0⅛	−14
Coca-Cola Bottling 6¾	4/79	9	87¼	88½	+0½	15
Credit Suisse 4¾ 93	10/79	1325	99⅞	100⅞	0	1
Escalte 7¾ 89	9/79	159	96¼	97	+0⅛	7
Honda Motor 5½ 89	5/79	532	96⅛	97⅛	−1⅛	−0
Nitto Elec. Inc. 6 84	7/79	735	85⅞	87⅛	−0⅛	[illegible]
Novo Industri 7 89	4/79	250	87	88¾	−0⅛	[illegible]
Texas Int. Air. 7½ 93	4/79	14.5	85	97¼	+0⅛	[illegible]
Asahi Optical 3½ DM	12/78	598	†82⅛	83⅛	+0⅛	12
Casio Cp. 3¼ 85 DM	11/78	847	85⅛	86⅛	+0⅛	2[illegible]
Fujitsu 5 84 DM	7/79	475	98⅞	99⅛	+0⅛	15
Jusco 3½ 85 DM	1/79	1154	81⅞	82⅞	0	[illegible]
Kansai Elec. 4 84 DM	4/79	1350	87⅞	88⅜	0	2[illegible]
Konishiroku 3½ 85 DM	1/79	613	84	84¾	+0⅛	18
Marudai Food 3½ DM	2/79	1033	79⅛	80½	+0⅛	36
Murata M. 3½ 85 DM	11/78	854	84	85	+0⅛	[illegible]
Nippon Yen 3½ 85 DM	1/79	251	124½	125½	+0⅛	−1
Nissan Diesel 3½ 86 DM	2/79	477	88⅛	89⅛	+0½	[illegible]
Olymp. Opt. 3½ 85 DM	2/79	703	92½	93½	−0⅛	[illegible]
Sharp Cpn. 3¼ 85 DM	2/79	487	89⅛	90½	+0⅛	1[illegible]
Stanley Elec. 3½ DM	11/78	632	†82½	82½	+0⅛	4[illegible]
Tokyo Elec. 3½ 87 DM	4/78	476	†90	91	−0⅛	3[illegible]
Tokyu Ld. Cp. 4 86 DM	4/78	493	82⅛	83⅛	−0⅛	2[illegible]
Trio-Kenwd. 3½ 86 DM	11/78	711	80⅛	80⅞	+0⅛	3[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

ofit and rnover owth dip V & D

rics Batchelor in -dam

AND turnover at n Dreesmann (V & D), expanding Dutch retail owed in 1978-79. Operat- its in the current year ected to at least equal r's but in the longer rofit margins are ex- o narrow, the privately oncern said in its annual

rofit rose 17 per cent to (S42.5m) in the 12 ended January 31 on the f replacement value ng following a 42 per the year before. On of historical costs net is 19 per cent higher at after the 35 per cent 977-78.

ling profits, excluding inary items and before tion, rose 19 per cent l7m compared with the ent rise last year. Gross ose 12 per cent to n (S2.2bn) against the ent rise the year before an improvement in the to 1.94 from 1.85 per

lowdown in the growth sable incomes and the authorities' efforts to growth of consumer will adversely affect result in future. The ade is taking a smaller n the growth of the udget as more is spent ces such as rent, health d travel. Competition the Dutch stores will

d sales and profits of U.S. groups in which as a stake—Outlet Com- d Dillard Department increased while V & D nearly 10 per cent of es of H. J. Wilson Com- catalogue showroom Baton Rouge.

uth America, V & D a majority stake in nalar group of Sao Brasil, with 47 stores in and Rio de Janeiro.

D continued to expand estic network of stores 78 although growth was d by the traffic prob- many cities. It has plans to reconstruct its iam city centre store y city council decided allowing the construc- multi-storey car parks. irst home improvement operated with the GB-Inno-BM group. en a success while the igalow park and recrea- itre which V & D is ng jointly with the Groningsche Hypotheek- ll open next year. O's Peek yachting inter- subsidiary will not take in Arab Gulf Yachting lt in view of the prob- of delivering large to the Gulf and main- them there. Recent ions included 37 photo- stores from the UK Dixons and the Siebel y chain.

nch form ar power it venture

rry Dodsworth in Paris

France's private sector ics in the solar energy re merging in a deal by four of the country's enterprises, the Atomic Commission (CEA), the group, Alsthom- que, and the CGE elec- roup.

mer of Sofretes, one longest-established solar research specialists, and a pumping equipment cturer, will be accom- by the injection of l ($1.4m) of new capital. agreement follows a government decision to new finance for the solar energy power- following cost over-runs. in Sofretes-Mengin, the mpany, will be split in oportion of 55 per cent A, 20 per cent to Total, er cent to Alsthom- ique, and 5 per cent to (part of CGE).

Bauer to acquire U.S. stores group

BY ROGER BOYES IN BONN

THE HAMBURG-BASED Heinrich Bauer Verlag, one of West Germany's largest magazine publishing houses, has made a bid for Winn's Stores Incorporated, which owns 150 department stores in Texas. The offer is understood to be in the region of $50m and, according to Bauer executives, Winn's has accepted the terms of the proposed deal.

The bid will have to be approved at Bauer's general shareholders' meeting in August but both companies have already discussed details of the final contract. Winn's had a turnover in 1978 of about $73m. The takeover bid represents the first serious attempt at overseas diversification by the Bauer group.

Information about Bauer is scarce as it is not a quoted company. But, with 15 titles including the popular Quick weekly magazine, it is a serious rival to the main German magazine publishing houses, including Gruner and Jahr and the Burda group.

Both Bauer and Gruner and Jahr have been looking for a U.S. foothold for the past year, having reached the conclusion that the German market had almost achieved saturation

Bauer executives declined to say whether the company intended to become a publishing force in the U.S. This, however, appears to be the intention of Gruner and Jahr which 11 days ago made an offer for the Brown Printing Company (in Waseca, Minnesota). This printing company has a turnover of $77m and employs 1,600 workers. The offering price is understood to be under $50m.

* * *

BROWN BOVERI und Cie AG will acquire the remaining shares of Babcock-Brown Boveri Reaktor GmbH (BBR) from the Babcock and Wilcox company by the end of 1980, according to Herr Hans Goehringer, German BBC management board chairman. He told the annual meeting that German BBC will hold 49 per cent of the BBR capital totalling DM 5m. At present the BBC group as a whole has 60 per cent of BBR shares, including 29 per cent held by German BBC.

At the same time, BBC AG has established a joint venture with the Construction and Development Corporation of the Philippines (CDCP) to manufacture electric motors and low voltage switchgear. The new company, named BBC Normelec Corporation, will initially be capitalised at 5m pesos.

Bavarian bank sees progress

BY OUR BONN STAFF

GERMANY'S SECOND largest Landesbank, Bayerische Landesbank Girozentrale expects 1979 to produce satisfactory results. It adds a warning, however, that business will need to grow at a slower rate than over the past two years.

Over the first four months the bank's sales of bond market paper rose dramatically by almost DM 3bn to DM 3.2bn ($1.74bn). Total credit volume was also up by about 3 per cent, although the bank declined to give any exact figures.

Net profits in 1978 rose to DM 164m ($89.13m) from DM 146.25m, with tax taking DM 140.5m. The bank paid DM 110m into the reserves last year, DM 11m more than in 1977, thus maintaining a ratio of 2.8 per cent between capital and reserves and total liabilities. The capital base is also to be increased by DM 50m to DM 650m by 1980.

However, Dr. Ludwig Huber, the bank's president, stressed that to maintain the current high rate of growth (14 per cent last year), turnover would have to be increased by DM 9m in 1979 and credit volume would have to grow by a net DM 6.8bn. This, he implied, was unrealistic and that clear limits to growth should be recognised.

International business seemed to be thriving and the bank said that despite many political uncertainties, an apparent reference to Iran, it was not exposed to excessive risk. The bank's main foreign business is to finance Germany's foreign trade.

● Salzgitter AG has acquired West German industrial plant construction company, Dr. C. Otto and Comp. GmbH. Capital of the plant-maker is DM 15m, and annual turnover is more than DM 200m ($108m). It employs 3,400 workers.

No financial details of the transaction were given, but Salzgitter said it hoped the acquisition would strengthen its activities in the industrial plant construction sector.

Magirus-Deutz in the red

By Guy Hawtin in Frankfurt

MAGIRUS DEUTZ West Germany's second largest commercial vehicle manufacturer, ended last year in the red. It blamed its performance on hard price competition resulting from the substantial over-capacity in the market.

The vehicle maker, now part of the German-Italian Iveco Industrial Vehicles' Corporation, reported a loss of DM 48.7m ($26.5m) after 1977's net profit of DM 11.3m. The shift in the medium and heavy commercial programme in the new Iveco production plan had not been entirely smooth, the management explained.

Sales increased from the previous year's DM 1.86bn to DM 1.93bn ($1.05bn), but this had net been reflected in profits.

For 1979, Magirus-Deutz had set itself the target of increasing sales by DM 350m to DM 2.2bn. The first half performance had seen a rise in sales from the similar period to DM 822m to DM 1.03bn.

During the opening six months the trend had been the high-earning heavy vehicle sector. The 1979 production plan foresaw an increase in output from 1978's 18,686 units to 22,000 units of which some 18,000 units, against last year's 16,720, would be lorries. Production of heavy lorries would be about 11,000 units, the group said.

The restructuring phase that the group has undergone as a result of its membership of Iveco, set up five years ago, will be completed this year, the management said. After the "investment boom" of 1977 and 1978 when the group spent DM 128m and DM 122m respectively, investment would be considerably reduced.

This year, Magirus-Deutz plans to invest between DM 60m and DM 80m, a large part of which would be spent extending the bus plant in Mainz. Sales in the Federal Republic this year are expected to increase from 1978's DM 760m to DM 900m, while export sales are planned to rise from DM 1.17bn to DM 1.3bn.

Price inflation boosts Sabanci

BY METIN MUNIR IN ANKARA

SHARP increases in profits are reported by Sabanci, one of the largest industrial and financial groups in Turkey. The outturn —pre-tax earnings up 91 per cent at the equivalent of $178m—was achieved despite lower sales.

Sales last year declined by more than a fifth with capacity utilisation among the group's 20 or so manufacturing plants dropping sharply at times as raw material shortages hit home. However, demand was high, and accelerating price inflation also helped lift profits.

Sabanci's main interests are in banking, insurance, textiles, natural, artificial and synthetic fibre and yarns. The Instanbul-based group also deals in plastic products, cord fabric and tyres, data processing and process control systems and agricultural activities. Total net assets grew by 12 per cent to $3.2bn in 1978.

Sabanci points to "major" rises in wage and raw material costs which are "taxing" the group's cash flow. Turkish industry has been operating at around half capacity for the past two years owing to the foreign currency famine, the company declared. Although most private groups have recorded increases in turnover and profit, growth in real terms has been declining.

The Turkish economy should start "breathing a little" if the Government could put credits pledged by the West last month to good use. Turkey is expecting some $1.7bn in credits this year, $906m from OECD countries and $406m from a syndicate of Western banks.

The way that the money will be used is of vital importance to Turkey and her companies. Industry leaders are holding meetings with the Minister of Finance to discuss the ways in which the funds will be expended. According to Sabanci, priority should be given to boost capacity usage in the critical sectors.

Sabanci is in the process of forming an export company with an American group. Its exports last year amounted to $31.5m or 57 per cent more than in 1977.

Accountancy dispute settled

BY ARNOLD KRANSDORFF

THE LONG-RUNNING dispute between the industrialised nations and third-world countries over the composition of a United Nations intergovermental body to establish international reporting and accounting standards for multinational companies has been settled.

The UN's Economic and Social Council has reached agreement that the new working group, which will consider adopting wide-ranging financial and "social" disclosure guidelines, will be composed of 34 members.

Failure to reach a compromise has held up the UN's work on the subject for more than a year. The less industrialised countries have been insisting on a 15-member body—as proposed by the UN's Commission for Transnational Corporations at their 1978 meeting in Vienna—but the developed nations, led by the OECD, said the proposed working group should be open to all 54 members of the Commission.

The new 34-member body will consist of nine African countries, seven in Asia, six from Latin America, three from Eastern Europe and nine others. The various countries will be chosen at the next session of ECOSOC in Geneva next month.

Mr. N. T. Wang, head of the information analysis division of the Centre on Transnational Corporations, said the decision would mean that the new body could at last get down to work.

He said he did not expect any immediate developments but interim guidelines "could be ready within one or two years with a comprehensive package in ten years."

Although the UN has no direct authority over multinationals, it could recommend that member countries implement its proposals through national legislation. It is more likely, however, that any recommendations, like the existing OECD guidelines, will be voluntary.

Wagons-Lits first quarter on target

BRUSSELS — Cie Internationale des Wagons-Lits et du Tourisme reports group first quarter results higher than in the opening three months of 1978. They are in line with ojectives.

Turnover, excluding value added tax, rose 4.1 per cent to BFr 1.61bn ($54.5m) for the railway sector and 17.6 per cent to BFr 240m in hotels. In restaurants the sales rise was 13.3 per cent to BFr 1.08bn.

● CDF-Chimie expects markedly improved results in 1979 but will probably still make a loss, Mr. Jacques Petitmengin, company president, said. He foresees the company breaking even in 1980. Reuter

Danish utilities to help computer manufacturer

BY HILARY BARNES IN COPENHAGEN

THE GOVERNMENT has made a crucial contribution to the reconstruction of Danish computer and software manufacturer Regnecentral by permitting Government-owned utilities to subscribe up to DKr 40m ($7.5m) in share capital—to a new company which will take over Regnecentral's production operations.

Regnecentral was Denmark's only nationally owned computer manufacturer. It suspended payments to creditors in April.

Its service division has now been reorganised as a separate unit, RC Data Centre. The manufacturing activities are now expected to continue under the name RC Computer.

The Post and Telegraph Authority, the three publicly owned telephone companies, the local government-owned Datacentral, and the industrial development fund were the organisations permitted by the Government to subscribe share capital on condition that the decisions to subscribe are taken individually by the boards of the separate companies. The Government made it a condition that at least a third of the company's share capital is privately subscribed.

KLM discloses loss on DC-10 grounding

By Our Financial Staff

DUTCH national airline KLM lost between Fl 4bm and Fl 6m ($2m-$3m) in operating profit becaus of the recent two-week grounding of its DC-10 aircraft, KLM revealed yesterday. The losses represent just under 7 per cent of the operating profit achieved for 1978-79.

The loss was mainly due to the rescheduling of flights after the U.S. aviation authorities grounded the planes following last month's Chicago air disaster. KLM, which has seven DC-10s accounting for 20 per cent of its total capacity, resumed flights last week but is still experiencing "problems" since a number of countries still ban DC-10 landings.

For the year ended March 31, KLM's operating profits fell sharply from Fl 165.3m to Fl 89.9m—a decline of 46 per cent—and net earnings were Fl 82.2m compared to Fl 137.4m.

The company blamed the weakness of certain currency markets, notably the dollar, and keen fare competition for the setback.

Diversification pays off for James Hardie Asbestos

BY JOHN ROGERS IN SYDNEY

A PERIOD of diversification is paying off handsomely for James Hardie Asbestos, the Australian building supply group. Net profits in the March year jumped 31 per cent from A$16.43m to A$21.5m (U.S.$24.1m), in a 65 per cent A$16.43m to $21.5m (U.S.$24.1m boost in sales to A$339.5m (U.S.-380m).

Breaking with a traditionally conservative dividend policy, the final payout has been lifted from 6.25 cents to 11.25c a share, which together with an unchanged interim of 6.25c brings the total payout up from 12.5c to 17.5c a share.

Directors say that this dividend rate will be maintained in the future. It is covered by current earnings of 60.2c a share, against 53c last time.

The takeover of the paper and packaging group, Reed Consolidated, helped James Hardie's performance during the period, although the board also reports growth in a number of the group's traditional divisions. Reed contributed a five-month profit, from October 31, of A$4.2m. The board's timing was good, as Reed earned only A$1.72 in the six months to June 30 last year, after encountering difficulties in its New Zealand wallpaper operation and in its Californian irrigation business. However in the financial year to December 31, 1977, the group earned A$7.08m.

The recently-acquired publishing house of Risby made no contribution to the latest result, but Mr. J. B. Reid, chairman of Hardie, said that it should be making profits quite soon. In its last financial year Risby lost A$761,000.

In Hardie's traditional activities, overseas operations softened the effect of difficult trading conditions in Australia. Total operations were 17 per cent higher, buoyed by increased profits in Indonesia and New Zealand. Overall the group experienced a 3 per cent fall in building products and an 11 per cent fall in pipe sales, although profits were maintained. However, directors said that severe competition in plastics and car brakes cut profit margins. Sharply higher demand for asbestos in the second half —particularly in the New South Wales building industry—was a major factor in the group's 40 per cent earnings boost to A$13.4 in the final six months.

Asbestos sales accounted for 46 per cent of profits, Reed Consolidated for 22 per cent, overseas operations for 20 per cent, brakes for 3 per cent and plastics for 9 per cent.

However, the group's expansion is reflected in its interest bill climbing from A$6m to A$12.13m and in depreciation rising from A$7.87m to A$11.35m. This was countered by a lower tax provision, down from A$11.55m to A$9.73m, with tax relief on A$1.75m, against A$978,000, for trading stock valuation adjustment and A$3.10m against A$817,000 in the form of investment allowances.

Sime Darby views purchase of China Engineers minority

BY PHILIP BOWRING IN HONG KONG

SIME DARBY is discussing with its Hong Kong quoted subsidiary, China Engineers, the making of an offer for the minority 26.5 per cent interest in the off-shoot. China Engineers shares were suspended at the company's request yesterday morning but trading was resumed after the official announcement of the talks. The price jumped from a Monday close of HK$2.35 to HK$3.15.

China Engineers is engaged in electrical engineering, motor distribution and has a quoted processed food subsidiary, Amoy Canning.

At a price of HK$ 3.15, it would cost Sime HK$ 119m (US$ 23.4m) to buy out the minority. The market price compares with a book net asset value at the last balance date of HK$ 1.77 a share. Last year, earnings per share were 32.7 cents and are expected to be slightly higher this year, though profits next year could be badly hit by the end of the consumer boom in Hong Kong which has generated an unprecedented demand for cars.

Sime Darby has given no indication that it intends to make a bid for the outstanding minority in Amoy Canning.

China Engineers' minority is believed to be quite tightly held, particularly by the Kwok family, which used to control it. Minority shareholders are being advised by the merchant bank, Schroders and Chartered.

Rumours had been around the market for a year or more that Sime might buy the China Engineers' minority. But the timing took the market by surprise.

* * *

REALTY Development Corporation, a property subsidiary of the Wheelock Marden group, has reported consolidated net profits of HK$33.06m for the year to end-March, an increase of 16 per cent. The final dividend is 9 cents, making a total of 16 cents, against 14.

Gollin creditors projected distribution increased

BY OUR SYDNEY CORRESPONDENT

GOLLIN AND CO., the failed Australian trading company, has increased its projected return to creditors from 52 cents to 59 cents over the period of its five-year scheme of arrangement. This follows another successful earnings year and an A$6m (US$6.7m) reduction in the postponed creditors' account and doubtful debts after litigation. The scheme administrator, Mr. John Rodger of the accountants Price Waterhouse and Co., indicated that further increases were not out of the question as some major asset sales were yet to take place.

Gollin earned A$2.99m (U.S.$3.35m) in the year to February 28, slightly higher than the project A$2.9m. Mr. Rodger said that the coffee and tea plantation division had performed well although coal production experienced a disappointing year.

Creditors of Gollin will now receive a distribution of 2 cents in the dollar on September 30, bringing payment so far to 9 cents. Creditors of the non-operative Gollin Holdings will receive 4 cents on the same date to bring their payments to 13 cents. Overall they will receive a 2 cents higher payment, at 32 cents, over the life of the scheme—once again because of a boost in extraordinary items during the past year.

Earnings growth slows at Yamaha

By Our Financial Staff

YAMAHA MOTOR Company, the Japanese motorcycle manufacturer, raised its after-tax profit by 5.8 per cent in the year to April 30, to Y4.17bn ($19.5m). This follows an increase of 15.5 per cent the previous year.

The company has in recent years faced particular problems from the rise in the value of the yen in the foreign exchanges, arising from a relatively high export ratio.

Sales in 1978-79 fell by 5.6 per cent to Y274.03bn ($1.28bn), after having gained at a rate of around 32 per cent in the two previous years.

The dividend is again unchanged, at Y10 a share.

Private sector plan for Israel telephones

BY L. DANIEL IN JERUSALEM

THE ISRAELI Ministry of Communications has proposed its own dissolution, and the establishment of public companies to handle, respectively, external communications, internal communications, and ordinary postal activities.

The Ministry has for a long time tried to interest international concerns in the expansion of the country's communications network. The biggest problem is the very large backlog of applicants for telephones — running into hundreds of thousands, some of whom have waited up to five years—because of a shortage of funds. There is also growing demand for additional telex facilities.

A Canadian company, Intel, has now indicated that it is interested in participating in the establishment of the new bodies, particularly that for external communications. Accordingly, the Ministry intends to table shortly proposals for legislation permitting the transfer of the services to the new companies.

Lower tax lifts Fraser and Neave

BY GEORGIE LEE IN SINGAPORE

FRASER AND NEAVE, the largest soft drinks bottling and brewery group in Singapore and Malaysia, reports a 21.5 per cent improvement in group post-tax profit to S$27.3m (US$12.60m) for the year ended March 1979.

The group enjoyed a 15 per cent decline in tax charge from S$15.5m in 1978 to S$13.2m.

Group turnover rose by 16 per cent to S$182.9m (US$ 84.44m). However, trading profit was up only by 9 per cent.

Fraser and Neave said that its losses on soft drinks operations in Singapore continued until prices were increased in March this year.

Fraser and Neave has declared a final gross dividend of 18 per cent which together with the interim dividend of 8 per cent makes a total of 26 per cent for the year.

Air France juggles the options to create the world's cheapest fleet

TERRY DODSWORTH IN PARIS

"CONTRACT" under- g certain losses which Air e signed with the state, le shareholder, some 18 s ago, did not immedi- usher in a new era of ity. Nevertheless, the com- managed to make a much presentable profit last in its sub-sonic operations e FFr 255m ($59.72m) st FFr 34m in 1977—and is sting about FFr 160m for year, despite the onset of r fuel prices.

France has also set about g the problem thrown up its pilots' dispute over ing levels in the fleet of planned as a replacement he loss-making Caravelles. answer, given in its long- plan, much delayed se of the pilots' determina- to have three men rather two in the cockpit, has to abandon the plan to buy altogether.

The idea now is to concentrate investment on three aircraft, the Boeing 747 for the large capacity long-range hauls, the 250-seat Airbus for medium-range distances, and the Boeing 727 for the smaller loads of 130 or so passengers.

A smaller capacity aircraft comparable with the 100- to 130-seater 737 (there is currently talk of a European alternative) could be ordered later if it were available. But for the time being Air France is aiming to do without, juggling the options with the larger aeroplanes as it pulls the Caravelles gradually out of its fleet.

The plan will give Air France, or so it claims, one of the cheapest fleets to run in the world. It is now acknowledged that its investment in the Airbus earlier than any other airline, has been a success in terms of operating costs.

The company is aiming to have similarly frugal aircraft in the rest of its fleet, with the Government covering the losses of those which it does not want to operate—the Caravelle and the Concorde.

Under the 1978 "contract," the Caravelle losses are now underwritten by a direct state grant. The same goes for 70 per cent of the deficit on Concorde operations. A key issue in the long-range plan, however, will be to persuade the government to take on all of the Concorde costs in 1981. These are likely to become steadily more burdensome as fuel costs rise.

The indications are that Air France will win this point, since its five-year investment plan in which this objective is set out has already been vetted by the authorities. Given agreement on this issue, the company is forecasting a net profit of FFr 660m for the period up to 1983.

These results indicate steady growth. Despite the energy crisis, Air France believes that this is coming. Indeed, the chairman, M. Pierre Giraudet, the former chairman of the Paris regional transport network, who took over the company in the bleak period after the oil price rises of the mid-1970s, says that demand for Air France seats has continued to grow faster than the company had foreseen. Hence the planned expansion in seat capacity by 8 per cent a year—through 14 new 747s, 17 Airbuses, and eleven 727s.

These aircraft will soak up 85 per cent of the FFr 11.6bn which Air France expects to invest during the next five years. Investment funds will come from a variety of sources. First, there will be the company itself, now pushing into a new era of mass transport, which, it believes, will keep cash flowing strongly into the airline business. Cash flow, it calculates, should come to FFr 5.7bn for the period.

The major part of the rest will come from borrowing a hefty FFr 5.5bn, accounting for some 46 per cent of the investment requirement. In addition, the state will be asked to dip further into taxpayers' pockets and come up with another FFr 700m, while sales and divestments will raise the remainder.

Nobody at Air France claims that this is a business plan written on tablets of stone. This year's oil price rises, which have sent a shudder through the transport industries, have already prompted the company to calculate various options depending on a variety of fuel costs. But the group believes that long-term planning is necessary to achieve the financial aims which the present, profit - oriented Government requires from the nationalised sector.

A hopeful sign for the company is that passenger demand is continuing to increase. In the first five months of this year the airline has carried 4.1m passengers, an increase of 355,000, or 8.5 per cent, on the same period last year.

This is seen as a good omen for the group's aims of pushing into the field of cheaper mass air transport, symbolised by its new special offer holiday flights. Not so encouraging will be the heavy burden of financing. This has virtually doubled from the FFr 6.2bn of the 1974-78 period, and it will push debts from a ratio of 2.71 of equity capital, to 3.06 at the end of 1983. Still, with the Government as shareholders, there should be no shortage of lenders.

FINANCIAL TIMES REPORT

Wednesday June 27 1979

Lead and Zinc

Usually sharing a common orebody, lead and zinc are traditionally thought of as a pair. This year, however, the fortunes of the two metals are varying. Lead prices have gone racing ahead, largely through heavy Russian buying. But prospects over the long term for both metals remain difficult to predict.

Price trends diverge

By John Edwards, Commodities Editor

LEAD HAS surged ahead of its sister metal zinc during the past year, providing one of the most spectacular performances in the metal markets. Traditionally, lead (like its metallic properties) has been the dull steady metal, while zinc has provided the fireworks with volatile price movements. Now the roles have been reversed.

Zinc prices have risen slowly and steadily during the the past 12 months, mainly as a result of cutting back output by producers to match demand more closely. Zinc producers, however, claim prices are still too low to justify investment in new capacity and are gloomy about demand prospects.

In contrast lead prices have shot up to all-time high, more than double the level of a year ago, and producers are reaping a rich reward. Particularly unusual is the fact that the upsurge in lead did not follow a period of depression as so often happens with other metals.

Exploded

Lead prices held up very well during the long period of reduced industrial activity that hit most of the other metal markets hard, with huge surplus stocks piling up and undermining prices. This general depression in metals held back lead prices for a time, but the market subsequently exploded as the pressure became too great.

There are several reasons for the market upsurge. The most popular and most publicised influence in the lead market has undoubtedly been the great increase in buying by the Communist bloc countries, led by the Soviet Union, which has stripped away all surplus supplies and created a shortage.

No one can explain satisfactorily why there should have been such an increase in lead purchases by the Soviet Union. There are many theories.

These range from stockpiling in case of a war with China to use of lead in nuclear plants, technical problems cutting domestic output, or simply that the growing standard of living in Russia has expanded the use of lead, especially for the Soviet Union's growing car population.

Net imports of lead to the Communist bloc countries rose to 116,000 tonnes in 1978, compared with 43,000 in 1977, according to estimates by the International Lead-Zinc Study Group. This year the Lead-Zinc Development Association calculates that Russian purchases are running at the rate of 120,000 tonnes of metal annually, plus 80,000 tonnes of ore concentrates.

This quantity is not all that high compared with total Western world production of nearly 3.7m tonnes of lead metal. But the impact of the Communist bloc purchases is greatly exaggerated by the pricing and marketing system for lead.

Outside North America the price of lead is based on the daily quotations reached on the London Metal Exchange (LME). The bulk of lead supplies is traded directly between consumers and producers without touching LME, but the prices specified in these supply contracts are based on LME quotations. So although only a percentage of lead is actually traded through the Exchange, its pricing influence extends to all lead sales.

Even though North American lead producers fix their own domestic prices these have to take account of LME quotations either to remain competitive or to ensure that an adequate supply of ore concentrates for the smelters can be maintained.

The problem is that the removal by the Russians of the bulk of the residual supplies traded via the LME has an abnormal effect in boosting prices by squeezing the amount available to the market. In theory there can be a shortage of supplies available to the Exchange at a time when there are reasonably adequate supplies overall. This indeed appears to be the situation at present, with the cash price of lead on the Exchange maintaining a considerable premium over the forward three-months quotation because of the low level of stocks held in LME warehouses following heavy sustained buying by the Russians.

The price is further distorted by speculators jumping on to the bandwagon to take advantage of the situation. Speculative forward buying is encouraged by the fact that the price goes higher as the delivery dates come nearer, even without the market changing overall. But trade hedging sales are discouraged when the cash price is at a premium.

This market shortage situation can only exist of course when there are inadequate supplies elsewhere to make up the shortfall. Normally the higher price levels should attract any surplus stocks available, either from producers or consumers.

But so far producers have been struggling to keep up with the requirements of their contracted customers; stocks have dropped to very low levels and there has been little to spare for buyers on the LME. Demand for lead, apart from Communist bloc buying, has been unexpectedly buoyant while there have been various setbacks in supply.

The biggest setback in lead production has resulted, ironically, from the very depressed situation in zinc, where surplus stocks built up to unprecedented levels, forcing prices lower and lower. To reduce these surplus stocks and restore prices to more profitable levels, zinc producers were forced to make big cutbacks in output. Unfortunately, since lead and zinc are often produced from the same ore, and smelted together, the reduction in zinc output also meant a cutback in lead production.

Not generally appreciated, until too late, was the underlying strength of lead consumption, bolstered by the unexpectedly heavy buying by the Communist bloc as well as by spells of extremely cold weather, which boosted demand for lead batteries. The oil crisis, while putting up the cost of mining primary lead and recovering scrap supplies, has at the same time increased demand for battery power and also slowed down the removal of lead anti-knock compounds from petrol.

Whether the upward trend in lead prices can continue must be open to doubt, although the same pessimism about trends has been expressed all the way up. There are signs that speculators are deciding to take their profits and move elsewhere.

The fundamental supply-demand situation is changing slowly, with the high prices discouraging consumption and stimulating production. But the extent of any increase in supplies depends partly on zinc; there are no real new reserves of lead ready to be exploited, like the Missouri lead belt, so any rise in primary production is likely to be fairly marginal. At the same time the flow of scrap lead supplies depends on the amount of new investment in cars, plant and machinery, and would, therefore, be reduced by an industrial recession.

Scrap refiners, who supply some 60 per cent of Britain's lead requirements, do not necessarily benefit from higher prices. They simply have to pay more for their raw materials and their margins are affected by the increased capital tied up in higher prices.

Nevertheless, the short-term trend in lead prices appears to be very dependent on whethr buying interest from the Soviet Union and other Communist bloc countries is sustained at its present level.

The present inflated price on the LME is mainly the result of Russian buying of surplus supplies, so the market could come down very sharply if this buying element was removed or reduced substantially. Meanwhile, however, the LME, with the help of the Russians, appears to have achieved the objective of the old alchemists in turning lead into gold.

Zinc presents a very different picture. Stocks remain adequate, despite the cutbacks in output that are now being restored as a result of the boom in lead and some limited improvement in demand.

If the expected economic recession does develop at the end of the year, as feared, zinc producers could be struggling again. The official producer prices in Europe and North America, at which the bulk of zinc is sold, have been pushed up steadily during the past 18 months from very low levels. But there is some apprehension as to whether the rise in prices has been overdone. Producers are keeping a very wary eye on the LME zinc market.

Influence

Although only a small proportion of zinc supplies, mainly from North Korea, is traded via the Exchange, the market does provide a good indication of the underlying market trend. It has become a considerably bigger influence in recent years when the producer price system virtually collapsed under the strain of excessive stocks and anti-cartel regulations preventing producers getting together.

At present the mild recovery in the steel industry has bolstered demand in zinc's main outlet—galvanising and coatings. But its other main market—diecasting—has suffered severe losses, especially in the U.S., where the motor industry has turned away from zinc in search of lighter materials to help with energy cost-saving objectives. It seems doubtful whether zinc will win that market back, even though its price is now much more competitive.

LEAD AND ZINC II

PRODUCTION

Increasing competition ahead

AND ZINC producers een staging a financial , but even though prices are appreciably han in the dog-days of e prospects of a rapid n of the industry are As Penarroya, the group, has pointed out, n constant dollars have ver than in 1974.

ecovery started last year, for lead than for zinc, erall production was n 1978 than in 1977 and to show a small in- gain this year. But seen longer perspective. world mine output has d remarkably stable. amated Metal Corpora- culated Western world d mine production at nnes of metal in con- s, and anticipates that this year will rise to nnes. This would mean 9 will be the most pro- r since 1974 at least. e past five years, 1976 was the lowest, with nnes.

The pattern for zinc is much the same. Western world mine production was 4.69m tonnes last year and is expected to rise to 4.9m tonnes this year. There has been a small rise in output every year since 1974 when production was 4.48m tonnes.

The fact that production of the two metals has moved in tandem is inevitable. As Mr. Tom Borresen of Boliden, the Swedish group, has noted, there is co-production of the two from the majority of mines. Mines producing only lead or only zinc are exceptions and the quantity of metal emanating from them is too small to have a dominating influence on the market.

The major groups saw their fortunes revive last year, and Australian Mining and Smelting indicates the pattern. In the 1978 first half there was a loss of A$0.5m, but in the second there was a swing back to profits of A$18.6m. But currency problems were a bane for some producers.

Penarroya, which ended 1978 with a loss of FFr 38.2m, commented bitterly that the fall of the dollar, and the distortion that flowed from it, penalised European and Japanese producers. The biggest lead and zinc producers — the U.S., Canada, Australia and Peru — are members of what is called the "dollar zone."

Clearly the greater steadiness of the dollar this year has made conditions easier, but pressure on costs and the generally modest rates of consumption increase foreshadowed over the next few years have made conditions increasingly competitive. Thus Penarroya is intensifying the emphasis in its activities towards quality and speciality products rather than volume, and A.M. and S. is investing in plant which will increase by-product recovery.

Such an approach is taking place against a background of confusing prospects. Producers are receiving relatively high prices for lead and this, according to Mr. Ted Yates of Cominco, the Canadian group, is stimulating some new production, notably in South Africa. But the case of zinc is rather different.

There remains over-capacity and what steadiness in price there has recently been owes a good deal to the fact that the producers have been holding back. There is no general expectation of a rise in prices. Mr. Yates thinks that a zinc price of 50 U.S. cents a pound is necessary to justify bringing on new capacity, but this price is roughly 25 per cent above prevailing levels.

Present conditions therefore mean that the producers are being pulled two ways: they can be bullish, or moderately so, about lead, but are likely to be bearish about zinc. And yet they are forced to mine the two together. This is especially significant for the developing countries, anxious to maximise revenue at a time when international economic trends related to the latest energy crisis are moving against them.

Dr. Walter Sies of West Germany's Metallgesellschaft noted two years ago that there is a shift of emphasis in the provision of lead and zinc mining capacity towards the developing countries. About a third of additional mine capacity planned for 1980 would be in countries like Mexico, Peru, Brazil, Morocco and Algeria. He also mentioned Iran, but this possibility may presumably be discounted now, at least for a while. But the total impact of these plans would be to raise appreciably the current 21 per cent share of production held by the developing countries.

There is too, of course, greater potential for new discoveries in the developing world. The established producing countries of the industrialised world had been far more intensively prospected, Dr. Sies said.

At present the world's biggest zinc producer is Canada, with a 1978 production, according to AMC figures, of 1.2m tonnes. Canada is followed by Australia with 445,000 tonnes, Peru 420,000 tonnes and the U.S. 330,000 tonnes.

The order is shuffled for lead, so that the U.S. is the leading producer with a 1978 output of 530,000 tonnes, followed by Australia with 390,000 tonnes, Canada 370,000 tonnes, and Peru 180,000 tonnes.

These total figures disguise the fact that U.S. lead and zinc production has been in steady decline over recent years, a decline which only this year is likely to be checked. There are particular problems for the U.S. industry, which may foreshadow a trend for other producers in the developed world.

The U.S. mining industry in general has been shackled by official concentration since the beginning of this decade on higher environmental standards. The lead producers have not been left out and have been forced to contend not only with new occupational health criteria for their own workers but also with strictly defined air controls.

"By law, ambient air standards are health-based — economic impacts cannot be considered in setting the standard. However, economics can be considered in setting the standard," said Mr. Douglas Hale, senior economist at the Environmental Protection Agency (EPA).

The effort to meet the standards will require extensive capital investment and will increase operating costs. The U.S. industry is not only worried about its ability to remain competitive, but acknowledges that some smelters may be unable technologically or financially to comply.

This year the EPA is looking at the problem on a plant-by-plant basis, seeking to find a way along which the industry might travel towards the desired standards, but the implications for the producers are profound and will take some years to work through in terms of the global structure of the industry.

All this produces an additional element of uncertainty for an industry whose future cannot be charted with any degree of precision. It has been shown, especially in the deepest days of the post-1974 recession, that the producers cannot expect to align market prices up against their operating costs. In addition, the recent rise in oil prices and developing shortages of fuel open up at least the possibility of a reduction in demand over the next year or so, thus checking the recovery in the industry.

Looking into the 1980s, Mr. Simon Strauss, vice-chairman of Asarco, the U.S. group, has suggested that voluntary efforts by producers to control prices will be scrutinised and subjected to legal restraints.

Noting that international commodity agreements for lead and zinc are unlikely, he has predicted fluctuating prices in tune with the ebb and flow of demand — with zinc, closely associated with economic cycle and capital spending patterns, the more volatile. Such volatility will continue to put lead and zinc at a disadvantage with competitive materials. If he proves right, it is a sombre outlook, suggesting that perhaps the producers are enjoying an Indian summer.

Paul Cheeseright

DEMAND

Hopes pinned on newer nations

LEAD AND ZINC are both looking towards the developing countries to provide the main growth in demand during the years ahead. At present the bulk of consumption of both metals is very much centred in industrialised countries, but the annual rate of growth in demand had been rising much faster in developing areas.

There seems every reason to expect this trend to continue, and probably accelerate, particularly with the oil supply crisis bringing general shifts in the pattern of industrial developments worldwide.

There has already been a significant change in the pattern of lead consumption overall. The lead industry is becoming increasingly dependent on batteries to provide the main source of its sales. In the non-Communist world, according to estimates by the Lead-Zinc Development Association, batteries now account for over 50 per cent of all lead consumption and as much as 60 per cent in the U.S. alone.

Dependence of this sort obviously leaves the industry somewhat vulnerable, but at the moment there is no real replacement for the lead-acid battery in sight despite considerable efforts to develop alternatives. There have, however, been considerable changes in battery manufacturing techniques with the development of the "maintenance free" and low maintenance batteries, particularly in the U.S.

The main effect of these developments has been to reduce the antimony content in batteries and present some technical problems in the all-important recovery of secondary supplies. The high percentage of scrap lead recovered is mainly due to the efficient collection of used batteries, but a change in the constituents obviously provides secondary refiners with some difficulty. During the transitional period, therefore, there is likely to be more demand for purer lead, with little or no antimony content until the switch over to the new type of batteries is completed. This is likely to be phased over many years.

So far the main achievement has been in prolonging the life of the average battery. But perhaps the future emphasis in cars, for example, will more on reduced weight for fuel saving purposes and with the battery expected to provide more power to service increasing electrical requirements.

This should swing the pendulum back to shorter-life batteries again. At the same time the development of electrically-powered vehicles, although still at an early stage, should boost lead demand in the future.

If lead prices remain too high, however, there is an obvious threat to future expansion in batteries. The cost of lead is accounting for an increasingly high proportion of the total cost of vehicle and industrial batteries. Manufacturers are faced, too, with a tremendous extra burden in financing the high prices. Although they can eventually be passed on to the consumer, increased liquidity is required and this also raises the eventual cost of the battery and reduces demand.

The other important factor is that with such a high proportion of lead being recovered from batteries, the growth in this market is not as helpful to primary mine producers.

The main outlet for lead, where the metal is not recovered, is in the manufacture of anti-knock compounds for petrol. The use of lead in petrol is not being phased out as quickly as expected, mainly because the cutback in oil supplies has persuaded governments to slow down action against an efficient way of boosting octane ratings. The decline in U.S. anti-knock compounds has not been repeated in other less environment-conscious countries to anything like the same extent. Nevertheless, in the long term it can be expected that lead will gradually disappear from petrol.

Anti-knock

The growth potential in other markets, apart from batteries, does not look too promising. But past experience has shown that as soon as lead loses one market it inevitably gains another. Who had heard of lead-acid batteries 75 years ago?

The outlook for zinc is rather less promising. Consumption was badly hit by the 1974 shortage boom which triggered off intensive efforts into finding alternative products; zinc is still suffering from the aftermath.

Unfortunately zinc is also facing a longer term threat from the loss of sales to the die-casting market, a loss it is going to find great difficulty in recovering. The die-casting market for zinc in the U.S. has been nothing short of a disaster, with zinc being written out of the design of many modern cars, simply because of the weight problem. So far zinc has fared somewhat better in other industrialised countries, but the trend has been set in the U.S. and must pose worries about the future.

The biggest outlet for zinc is still for galvanising steel to provide extra protection, but this means that zinc sales are tunes of the steel industry. Few people at present would predict a promising outlook for steel with the threatened industrial recession following on the oil supply crisis.

World zinc consumption in 1978, according to the Lead-Zinc Development Association, was 10 per cent below the 1973 level, and it will require a big effort to expand the uses of zinc while maintaining highly competitive prices. An industrial recession would obviously undermine those efforts in the short term. There is considerable potential, however, for increased zinc consumption in the developing countries, where the annual growth rate is already exceeding that of industrialised parts of the world.

John Edwards

WORLD PRODUCTION AND CONSUMPTION
('000 tonnes)

LEAD

	1973	1974	1975	1976	1977	1978
Mine Production	2,593	2,544	2,514	2,376	2,511	2,507
Net Trade with Socialist Countries*	−20	−30	−30	−30	−29	−80
Metal Production	3,531	3,586	3,312	3,541	3,783	3,689
Metal Consumption	3,751	3,683	3,176	3,552	3,790	3,703
Balance: Production/Consumption	−220	−97	+136	−11	−7	−14
Net Trade with Socialist Countries:	−34	−80	−101	−71	−43	−116
Net Changes in National Stockpiles:						
U.S.	+192	+241	+6	—	—	—
Statistical Balance	−62	+84	+41	−82	−50	−130

ZINC

	1973	1974	1975	1976	1977	1978
Mine Production	4,518	4,506	4,547	4,548	4,825	4,719
Net Exports to Socialist Countries*	−49	−13	−42	−90	−189	−183
Direct use for Zinc Oxide	−130	−129	−85	−103	−100	−105
Metal Production	4,259	4,373	3,769	4,135	4,280	4,273
Metal Consumption	4,850	4,562	3,552	4,148	4,224	4,524
Balance: Production/Consumption	−591	−189	+217	−13	+56	−251
Net Trade with Socialist Countries:	+167	+84	+65	+39	+45	−10
Net Changes in National Stockpiles:						
U.S.	+247	+259	+5	+1	+1	+2
Japan*	—	—	—	−12	−51	−82
Statistical Balance	−177	+154	+287	+15	+51	−341

*Estimate

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Fairline Boats Limited ("the Company") and its subsidiaries ("the Group"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Copies of this document have been delivered to the Registrar of Companies for registration, each copy having attached to it the documents specified herein.

Application has been made to the Council of The Stock Exchange for the whole of the issued Ordinary Share capital of the Company to be admitted to the Official List.

FAIRLINE BOATS LIMITED

(Incorporated in England under the Companies Acts 1948 to 1967)

fairline | fairline

Share Capital

Authorised £500,000 — in 5,000,000 Ordinary Shares of 10p each — *Issued and fully paid* £350,000

INDEBTEDNESS

At the close of business on 8th June, 1979, the Group had no loan capital (including term loans) outstanding, or created but unissued, and had outstanding no mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, or guarantees or other material contingent liabilities. At that date the Group had cash and bank balances of £844,845.

Placing by
Barclays Merchant Bank Limited
of 1,225,000 Ordinary Shares of 10p each at 80p per share

The Ordinary Shares now being placed rank in full for all dividends hereafter declared or paid in respect of the issued Ordinary Share capital of the Company.

Board of Directors

SAMUEL TOMPSETT NEWINGTON M.B.A.
Fairline Boats Limited, Barnwell Road, Oundle, Peterborough PE8 5PA
(Chairman and Managing Director)

JOHN TOMPSETT NEWINGTON
Fairline Boats Limited, Barnwell Road, Oundle, Peterborough PE8 5PA

BRIONY ANNA NEWINGTON
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(Non-executive)

JOHN FREDERICK SHARMAN
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(Non-executive)

Secretary and Registered Office
DAVID RICHMOND PROCTOR (Solicitor)
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Chartered Accountants, Welland House, High Street, Spalding, Lincolnshire PE11 1UB

Joint Reporting Accountants
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Chartered Accountants, 8 St. Bride Street, London EC4A 4DA

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Bankers
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Receiving Bankers
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Registrars and Transfer Office
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FINANCIAL STATISTICS IN BRIEF

The following information is derived from the full text of this document and accordingly must be read in conjunction with that text.

Group Trading Record

	Years ended 30th September					Six months ended 31st March,
	1974	1975	1976	1977	1978	1979
	£000	£000	£000	£000	£000	£000
Sales U.K.	385	441	513	1,257	2,048	1,191
Overseas	273	429	975	1,328	1,568	1,076
	658	870	1,488	2,585	3,616	2,267
Profit before taxation	13	47	148	310	521	283

Forecast for the year ending 30th September, 1979	
Sales not less than	£5.172m
Profit before taxation not less than	£750,000
Dividends per share (inclusive of related tax credit)	7.428p
Earnings per share:	
Based on expected tax charge	13.928p
Based on theoretical tax charge of 52 per cent.	10.285p
Assets at 31st March, 1979	
Group net tangible assets	£1.442m
Group net tangible assets per share	41.2p
Placing Statistics	
Placing price	80p
Market capitalisation at the placing price	£2.8m
Dividend yield forecast (inclusive of related tax credit)	9.28%
Dividend cover (based on theoretical tax charge of 52 per cent.)	1.97
Price earnings ratio:	
Based on earnings forecast net of expected tax charge	5.7
Based on earnings forecast net of theoretical tax charge of 52 per cent.	7.7

The following is a copy of a letter to the Directors of Barclays Merchant Bank Limited from Mr. S. T. Newington, Chairman of Fairline Boats Limited:—

26th June, 1979

The Directors,
Barclays Merchant Bank Limited.

Dear Sirs,

In connection with the placing of 1,225,000 Ordinary Shares of 10p each in Fairline Boats Limited ("the Company"), I have pleasure in providing you with the following information:—

HISTORY

The business was started in 1963 by my father, Mr. J. T. Newington, and my mother in partnership. They had previously built up a successful frozen chicken business which was sold to Ross Group Limited in 1961. They acquired some disused gravel pits at Barnwell Road, Oundle, Northamptonshire, and linked these to the River Nene in order to start a marina. The business expanded to include a small hire fleet of boats and a chandlery. In 1967 they further extended the business by fitting out bought-in hulls and decks. In 1968, when the business was incorporated as Oundle Marina Limited, boat building began with the development of a 19 foot boat. This was the first of the series of motor cruisers for which the name of Fairline is now well known. With the success of this name, the Company's name was changed to Fairline Boats Limited in 1971.

In 1974 the Company sold the marina, the hire fleet and the chandlery to a newly formed company owned by my father and myself and also called Oundle Marina Limited ("Oundle"), the whole of the issued capital of which was acquired by the Company on 25th June, 1979. In September, 1978 the Group's boat hire activities were further developed by the acquisition of Kelly Line Limited ("Kelly") which operates a hire fleet based at Godmanchester, Cambridgeshire on the River Great Ouse. The Company and these two subsidiaries now comprise the Group.

BUSINESS

The Company's main business is the development and sale of fibreglass (glass reinforced plastic) motor cruisers for both inshore and offshore use. The present models, ranging in overall length from 23 foot to 40 foot, have been designed and developed over the last ten years by independent naval architects in conjunction with the Company's own design team.

The following table sets out the range of models manufactured since boat building commenced in 1968:—

Model	*Length*	*Year of introduction*	
Fairline 19	*19 ft.*	*1969*	*Since discontinued*
Fury Series I	*25 ft.*	*1969*	
Holiday Series I	*22 ft.*	*1972*	
Family	*20 ft.*	*1972*	
Vixen	*20 ft.*	*1973*	
Fairline 32	*32 ft.*	*1974*	
Mirage	*29 ft.*	*1975*	
Sedan	*32 ft.*	*1976*	
Fairline 40	*40 ft.*	*1977*	
Holiday Series II	*23 ft.*	*1978*	
Fury Series II	*26 ft.*	*1978*	

It is the Company's policy progressively to improve the current range of boats and constantly to develop new additions to the range. Present retail list prices in the U.K. are from £10,114 to £73,513.

The Company's policy is to sell through distributors and it has long-standing relationships with a widespread network of distributors in the U.K. and overseas. Export markets have been successfully developed and in the year to 30th September, 1978, some 44 per cent. of the total value of boat sales was directly exported, the major export markets being West Germany, Holland, France and Scandinavia. The Company does not generally make boats for stock but only against firm orders from distributors who are required to place deposits with orders. At present, deposits are held by the Company covering sales of approximately £2 million worth of finished boats for delivery into the autumn of 1979, although no profit is taken until the boat is invoiced for final delivery. The present production capacity of its factory at Oundle is approximately £6 million per annum at current prices. Further facilities are being constructed to enable capacity to be increased by approximately 25 per cent. and it is expected that the new buildings will be operational by October, 1979.

The main raw materials used in the construction of the boats are fibreglass and resin which are bonded in moulds to produce the hulls and decks. These raw materials are supplied by major international companies. The Company has its own woodworking shop which supplies the timber interior fittings for boats: other items such as stainless steel, windows, fuel tanks and upholstery are obtained from a range of U.K. companies with whom strong relationships have been developed over the years. Engines are supplied by three manufacturers to suit the various models. The largest supplier is Volvo Penta in Sweden and the Company was Volvo Penta's largest single U.K. customer for marine engines in 1978.

It should be noted that all development expenditure on moulds—the backbone of the Company and the basis for product identification and differentiation from competitors—is written off as it is incurred and is not carried forward into the balance sheet, although the moulds have considerable value to the business over a number of years. Indeed, the moulds are insured for £200,000, based on replacement cost.

Oundle runs the marina (with moorings for 135 boats), a hire fleet consisting of 6 boats at present and the chandlery at Oundle. The Group's hire fleet activities have been augmented by the purchase of Kelly, whose fleet now consists of 11 boats and which operates from a site of some 1.3 acres at Godmanchester. It is intended to expand the Kelly fleet to at least 15 boats by 1981. Both hire fleets are let through a leading holiday booking agency and are virtually fully booked for the current season.

The Company has a trading relationship with a Canadian company under separate independent ownership which is also called Fairline Boats Limited and which has developed a range of boats by utilising some mouldings supplied by the Company. The Company receives a licence fee in respect of boats produced from these mouldings.

The Directors are continually looking for opportunities to expand and diversify the Group's activities.

MANAGEMENT AND STAFF

DIRECTORS

I am 44 and have been a Director of the Company since 1970. I have overall responsibility for all aspects of the running of the Group. I was educated at Stamford School and the R.A.F. College, Cranwell and later joined my father in his frozen chicken business in 1960. After its sale, I continued as Sales Director of Ross Chicken Limited until 1967 when I left to take an M.B.A. course at Columbia University in New York where I graduated top of my year. From Columbia I joined McKinsey & Co. as a management consultant, leaving them in 1971 to take up full-time employment with the Company.

My father, Mr. J. T. Newington, is 73. He is responsible for capital development and for financial control of the Group. His early career was with Shell-Mex B.P. which he left in 1952 to start his own business.

My wife, Mrs. B. A. Newington, who is 36, assists with product development, export sales and public relations.

Mr. D. R. Proctor, the Company Secretary, who is aged 34, joined the Board as a non-executive Director on 14th May, 1979. He is a partner in Roythorne & Co., the Group's solicitors.

My brother-in-law, Mr. J. F. Sharman, is aged 41 and joined the Board as a non-executive Director on 14th May, 1979. He is the Chairman & Managing Director of Sharman Newspapers Limited, publishers of the Cambridgeshire Times group of newspapers.

It is expected that the Board will be strengthened by the appointment of further executive Directors as the Company expands.

SENIOR MANAGEMENT

Mr. Peter Nye, aged 56, joined the business in 1967. He is a Director of Oundle and is responsible for its day-to-day management.

Mr. Terence Kelly, aged 35, joined the Group on the acquisition of Kelly in 1978. He is a Director of Kelly and is responsible for its day-to-day management.

The Group Directors are supported by an experienced and able team of senior executives who include the following:—

Name	*Position*	*Age*	*Date of joining the business*
Mr. David Wills	Purchasing and Supplies Manager	43	1965
Mr. Grant Walker	Production Manager	39	1965
Mr. Michael Harling	Product Development Manager	41	1968

In addition we have recently recruited Mr. Robert-Freeman A.C.C.A., aged 32, who will join the Group as Chief Accountant on 1st August, 1979.

EMPLOYEES

The Group employs 148 people including the above executive Directors. Employee relations have been excellent throughout our history. The employees of the Company participate in both a productivity bonus scheme and a profit sharing scheme and the employees of Oundle participate in a bonus scheme and a profit sharing scheme. Under both profit sharing schemes ten per cent. of the pre-tax profits (before interest and capital items) of the Company and Oundle are divided among their respective employees in proportions varying with respective grades of employment.

The Group's employees are in the state pension scheme and the Group also provides as a top-up a non-contributory pension scheme for all eligible employees.

Employee participation is encouraged through a works council which consists of the Managing Director, two managers and five elected employees.

In addition to full-time employees, the Company uses the services of independent naval architects, John A. Bennett & Associates Limited and Bernard Olesinski Limited, who are remunerated by design fees and royalty payments. John A. Bennett & Associates Limited have been involved in the design of most of the Fairline range, and Bernard Olesinski Limited has been involved in the design of the latest *Fury* and a newly designed 21 foot boat, *Weekend*.

PREMISES

The Group's freehold properties at Barnwell Road, Oundle, Northamptonshire and at Bridge Place, Godmanchester, Cambridgeshire were valued as at 31st March, 1979 by Mr. Hugh G. Smith F.R.I.C.S., senior partner of Wilson & Partners, Surveyors, of Kettering, Northamptonshire, on an open market existing-use basis at £542,000.

The site at Barnwell Road, Oundle occupies a total area of 23.6 acres. The marina site which has been steadily improved accounts for 19.1 acres and includes the chandlery whose area is 2,400 square feet. The balance of the site, 4.5 acres, is occupied by the boat building business and comprises purpose-built factory buildings, workshops, stores and the Group's offices. The total area of the buildings is 63,000 square feet and this will be increased by 10,400 square feet by October, 1979.

Kelly operates from the site at Godmanchester which has a total area of 1.3 acres and which comprises a workshop, stores and offices with a total area of 2,715 square feet.

All areas referred to above are to be treated as approximate.

WORKING CAPITAL

The Directors are of the opinion that the Group has sufficient working capital for its present requirements.

PROFITS AND PROSPECTS

As shown in the Joint Accountants' Report dated 26th June, 1979, the sales of the Group have risen in the last five years from £658,000 in the year to 30th September, 1974, to £3,616,000 in the year to 30th September, 1978, and the profit before taxation has increased during that period from £13,000 to £521,000. For the six months to 31st March, 1979, Group sales were £2,267,000 and profit before taxation was £283,000.

In respect of the full year to 30th September, 1979, the Directors are forecasting that Group sales will be not less than £5,172,000 and that the Group profit before taxation (and after employees' profit share) will amount to not less than £750,000. It should be noted that it is the normal experience that the results for the second half year exceed those for the first half year. There are two principal reasons for this. First, better terms are given to distributors ordering for autumn and winter delivery, and, secondly, there is a lower level of promotion costs and a higher level of production in the second half year. In addition, income from boat lettings and chandlery sales tends to be concentrated in the summer months.

The Company's expansion has been assisted mainly by its consistent policy of developing new and attractive boats for sale at competitive prices and by adding to production capacity. The new *Weekend* is to be introduced at the Southampton Boat Show in September, 1979, and an updated 32 foot model is planned to be introduced at the London Boat Show in January, 1980. The factory extensions referred to above will enable production of the existing 29 foot *Mirage* and 23 foot *Holiday* boats to be increased and will also provide facilities for the production of the *Weekend*.

DIVIDENDS

On the basis of the profit forecast given above, it is the intention of the Directors to recommend the payment of a dividend of 3.5p per share (payable in or about February, 1980) in respect of the year ending 30th September, 1979. This will be the first dividend payable by the Company.

If the Company had been listed on The Stock Exchange for the full year, the Directors would have declared an interim dividend of 1.7p per share (which would have been payable in June, 1979 on the present issued Ordinary Share capital). The total annual dividends on this basis would, together with the associated tax credits (assuming a basic rate of income tax of 30 per cent.), provide a gross equivalent of approximately 7.428p per share.

On the above basis the allocation of forecast profit before taxation in a full year would be as follows:—

Forecast profit before taxation	£750,000
Less: Corporation tax	£262,500
Earnings attributable to shareholders (equivalent to 13.928p per share)	£487,500
Cost of dividends for a full year	£182,000
Retained earnings	£305,500

On the basis of expected allowances and reliefs the corporation tax rate has been estimated to be 35 per cent.

The cover for these dividends would be 2.67 times on the basis of the earnings attributable to shareholders shown above and 1.97 times on the basis of fully taxed earnings.

At the placing price of 80p per share, the gross dividend yield on the basis of dividends of 5.2p per share is 9.28 per cent., and the price earnings ratio on the basis of the earnings shown above would be 5.7. On a fully taxed basis, earnings per share would be 10.285p and the price earnings ratio would be 7.7.

Yours faithfully,

S. T. Newington,
Chairman.

APPENDIX I

JOINT ACCOUNTANTS' REPORT

The following is a copy of a report which has been received from the joint reporting accountants, Hodgson, Harris & Co. and Binder Hamlyn:—

The Directors,
Fairline Boats Limited, and
Barclays Merchant Bank Limited.

26th June, 1979

Gentlemen,

Report on audited accounts 1974 to 1979

1. We report on the balance sheet of Fairline Boats Limited ("the Company") at 31st March, 1979, the consolidated balance sheets of the Company and its subsidiary companies ("the Group") at 30th September in each of the years 1973 to 1978 inclusive and at 31st March, 1979, and the consolidated profit and loss accounts and source and application of funds statements for the five years ended 30th September, 1978, and the six months ended 31st March, 1979.

2. Both the subsidiary companies are wholly-owned. Kelly Line Limited ("Kelly") was acquired on 30th September, 1978, and has been consolidated from that date. Oundle Marina Limited ("Oundle"), which took over the Company's boat-hire, marina and chandlery business, was incorporated in 1974 and was under the ownership of members of the Newington family until acquired by the Company on 25th June, 1979. In view of the common ownership of the Company and Oundle and their close management and trading links, Oundle has been treated as a subsidiary of the Company throughout the period under review for the purpose of the financial information presented below. Hodgson, Harris & Co. have been auditors of the Company and Oundle throughout the relevant accounting periods and were appointed as auditors of Kelly with effect from 1st October, 1978.

3. The information presented below is based on the audited accounts after making such adjustments as we consider to be appropriate. In our opinion, the financial information, which has been prepared on the historical cost basis, including the revaluation of land and buildings, gives a true and fair view of the profit and source and application of funds of the Group for the five years and six months ended 31st March, 1979, and of the state of affairs of the Group at 30th September in each of the years 1973 to 1978 inclusive and at 31st March, 1979, and of the Company at 31st March, 1979.

4. There have been no audited accounts of any of the companies in the Group since 31st March, 1979.

5. **Consolidated Profit and Loss Accounts**

	Notes	Years ended 30th September 1974	1975	1976	1977	1978	Six months ended 31st March, 1979
		£000	£000	£000	£000	£000	£000
Turnover	(i) and (ii)	658	870	1,488	2,585	3,616	2,267
Cost of sales	(iii)	641	817	1,340	2,288	3,109	2,007
Operating profit		17	53	148	297	507	260
Interest (payable)/receivable	(iv)	(4)	(6)	—	13	14	23
Profit before taxation	(ii)	13	47	148	310	521	283
Less: Taxation	(v)	—	—	2	5	124	112
Profit after taxation		13	47	146	305	397	171
Extraordinary items	(vi)	—	—	—	—	(31)	—
Retained profits	(vii)	13	47	146	305	366	171
Earnings per share	(viii)	0.4p	1.3p	4.2p	8.7p	11.3p	4.9p

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Balance Sheets

The consolidated balance sheets of the Group at 30th September in each of the years 1973 to 1978 inclusive and at 31st March, 1979, and the balance sheet of the Company at 31st March, 1979 were as follows:

Company 31st March 1979 £000		Notes	*The Group* 30th September 1973 £000	1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	31st March 1979 £000
695	Fixed assets	(x)	126	134	148	154	268	501	823
53	Subsidiary company								
	Current assets:								
702	Stocks and work in progress, less deposits	(xi)	108	116	131	302	533	750	725
248	Debtors		14	53	89	71	121	139	243
466	Bank balances		—	—	4	26	177	271	471
,416			122	169	224	399	831	1,160	1,439
	Current liabilities:								
170	Deposits from distributors		2	—	13	44	89	126	170
—	Bank overdrafts (secured)		17	77	57	31	3	13	—
386	Creditors		91	75	104	132	353	357	414
233	Taxation		—	—	—	2	5	124	236
—	Hire purchase commitments		—	—	—	—	—	26	—
789			110	152	174	209	450	646	820
627	Net current assets		12	17	50	190	381	514	619
375	Net tangible assets		138	151	198	344	649	1,015	1,442
	Representing:								
89	Share capital		89	89	89	89	89	89	89
286	Reserves	(xii)	49	62	109	255	560	926	1,353
375	Shareholders' funds		138	151	198	344	649	1,015	1,442

Source and Application of the Group Funds

	Years ended 30th September 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	Six months ended 31st March 1979 £000
ce of funds						
fit before taxation but after extraordinary ems involving the flow of funds	13	47	148	310	490	283
reciation	9	11	11	20	34	24
ds generated from operations	22	58	159	330	524	307
cation of funds						
chases of fixed assets (net)	17	25	17	134	267	90
ation paid	—	—	—	2	5	—
	5	33	142	194	252	217
ase in working capital						
ease/(decrease) in debtors	39	38	(18)	50	18	104
ease/(decrease) in stocks and work in progress	8	15	171	231	217	(25)
rease/(increase) in deposits from distributors	2	(13)	(31)	(45)	(37)	(44)
rease/(increase) in creditors	16	(29)	(28)	(221)	(30)	(31)
	65	9	94	15	188	4
ease/(decrease) in liquid funds	(60)	24	48	179	64	213
	5	33	142	194	252	217

Accounting policies

he principal accounting policies, which have been consistently applied in preparing the financial formation in this report, are as follows:

) *Basis of consolidation*
The accounts of the Company have been made up to 30th September in each year except for those for the six months ended 31st March, 1979. The accounts of Oundle have been made up to 31st October of each year from 1975 to 1978 inclusive and also for the five months ended 31st March, 1979. Its results, which are not significant to the Group, have not been adjusted to the same accounting dates as the Company for the purpose of consolidation.
Goodwill arising on the consolidation of Kelly, being the excess of the purchase consideration over net tangible assets, was written off in the year ended 30th September, 1978.

i) *Stocks and work in progress*
Stocks and work in progress are valued at the lower of cost and net realisable value. Cost in the case of work in progress includes labour and production overheads and is arrived at by deducting an appropriate percentage from selling price.

ii) *Deferred taxation*
Deferred taxation is provided on the liability method except where the Directors are satisfied that no amount will become payable in the foreseeable future. At 31st March, 1979, no such provision was considered necessary.

v) *Depreciation*
Depreciation is provided so as to write off fixed assets by equal annual instalments over their useful lives at the following annual rates:

Freehold buildings	2%
Fixtures and fittings	10%
Plant and machinery	15%
Hire cruisers	20%
Motor vehicles	20%

) *Research and development*
All expenditure on research and development, including the production of boat moulds, is written off in the year in which it is incurred.

i) *Turnover*
Turnover represents amounts invoiced to third parties for goods and services supplied during the year.

otes to the Accounts

	Years ended 30th September 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	Six months ended 31st March 1979 £000
urnover by geographical location, was:						
/. Germany	97	93	129	229	627	389
rance	110	222	427	313	125	89
weden	—	—	109	221	101	45
enmark	—	—	29	89	—	15
orway	—	8	76	90	—	19
etherlands	—	27	77	179	366	241
aly	—	—	38	34	106	26
elgium	11	25	18	33	25	12
ther	55	54	72	140	218	239
	273	429	975	1,328	1,568	1,076
.K.	385	441	513	1,257	2,048	1,191
	658	870	1,488	2,585	3,616	2,267

e turnover and profit before taxation of the marine and chandlery business have not been separately ated as they are not significant in the context of the Group.

st of sales includes charges for depreciation follows:	9	11	11	20	34	24
erest comprises:						
erest receivable	—	—	1	13	14	23
ss: Interest payable	(4)	(6)	(1)	—	—	—
t interest receivable/(payable)	(4)	(6)	—	13	14	23
xation comprises:						
rporation tax payable on the result for the riod, after taking account of stock appreci- on relief and capital allowances	—	—	2	5	124	112
deferred taxation had been provided in full e following additional provisions for corpor- ion tax would have been required:	8	25	80	154	147	56
traordinary items comprise: odwill on consolidation written off	—	—	—	—	(31)	—
tained profits include the following nounts relating to Oundle:		—	12	7	4	11

mulative reserves of Oundle at 30th September, 1978 of £34,000 will be treated as pre-acquisition in the Group accounts at 30th September, 1979.

arnings per share have been calculated throughout on the basis of the profit after taxation and ,500,000 Ordinary Shares of the Company in issue immediately after the placing.

o dividends have been paid by the Company throughout the five years and six months ended 1st March, 1979.

xed assets are stated at cost or valuation, less accumulated depreciation, as follows:

ompany March 179 '00		The Group 30th September 1973 £000	1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	31st March 1979 £000
	Freehold property							
440	Valuation	—	—	—	—	—	—	542
90	Cost	97	101	101	109	192	335	90
—	Depreciation	—	1	2	3	6	12	—
530	Net book amount	97	100	99	106	186	323	632
	Plant and machinery							
186	Cost	39	51	60	69	123	171	191
81	Depreciation	16	22	29	34	49	70	83
105	Net book amount	23	29	31	35	74	101	108
	Hire cruisers							
67	Cost	8	8	24	21	16	92	98
7	Depreciation	2	3	6	8	8	15	15
60	Net book amount	6	5	18	13	8	77	83
	Total							
440	Valuation	—	—	—	—	—	—	542
343	Cost	144	160	185	199	331	598	375
88	Depreciation	18	26	37	45	63	97	98
695	Net book amount	126	134	148	154	268	501	823

reehold properties (except for a house subsequently sold at cost price plus expenses) were valued at open et value on an existing use basis as at 31st March, 1979 by Hugh G. Smith, F.R.I.C.S., Senior Partner, n & Partners of Kettering. The valuation, which gave rise to a surplus of £256,000, has been included accounts at that date.

Stocks and work in progress, less deposits, comprise:

ompany March 979 000		The Group 30th September 1973 £000	1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	31st March 1979 £000
315	Boat building work in progress	9	27	21	133	208	323	315
44	*Less:* Related deposits received from distributors	—	—	—	15	31	44	44
271		9	27	21	118	177	279	271
431	Materials and consumable stores	98	88	100	178	350	460	431
—	Chandlery shop-retail stocks	1	1	10	6	6	11	23
702		108	116	131	302	533	750	725

relevant proportion of deposits received from customers is offset against work in progress. Where a sit exceeds the cost of the related work in progress the surplus is shown as a current liability.

(xii) Reserves

The Company 31st March 1979 £000		*The Group* 30th September 1973 £000	1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	31st March 1979 £000
205	Revaluation surplus	—	—	—	—	—	—	256
1,081	Revenue reserves (note (vii))	49	62	109	255	560	926	1,097
1,286		49	62	109	255	560	926	1,353

(xiii) Deferred Taxation

The full potential deferred taxation, for which no provision has been made in the accounts, comprises:

The Company 31st March 1979 £000		*The Group* 30th September 1973 £000	1974 £000	1975 £000	1976 £000	1977 £000	1978 £000	31st March 1979 £000
338	Stock appreciation relief	—	—	23	114	206	294	338
159	Excess of tax allowances on buildings, plant and other fixed assets, over depreciation	42	50	52	37	99	159	171
58	Contingent capital gain on revaluation of property	—	—	—	—	—	—	68
3	Other timing differences	—	—	—	4	4	3	3
558		42	50	75	155	309	456	580

(xiv) Capital commitments at 31st March, 1979, were:

	The Company £000	The Group £000
Contracted but not provided for in accounts	82	82
Authorised but not contracted	106	106
	188	188

(xv) At 30th September, 1978, the Company was a close company within the meaning of the Income and Corporation Taxes Act 1970. As a result of the placing, it is expected that it will no longer be a close company at 30th September, 1979.

Yours faithfully,

HODGSON, HARRIS & CO.
Chartered Accountants

BINDER HAMLYN
Chartered Accountants

APPENDIX II

STATUTORY AND GENERAL INFORMATION

1. SHARE CAPITAL

(i) On 26th June, 1977, being the date two years preceding the date of this placing, the authorised share capital of Fairline Boats Limited ("the Company") was £95,000, divided into 5,000 voting "A" Ordinary Shares of £1 each and 90,000 non-voting "B" Ordinary Shares of £1 each, of which 4,500 voting "A" Ordinary Shares and 85,000 non-voting "B" Ordinary Shares had been issued and were fully paid up.

(ii) By or pursuant to resolutions passed at an Extraordinary General Meeting of the Company on 21st June, 1979:—
- (a) The authorised share capital of the Company was increased to £500,000 by the creation of an additional 405,000 voting "A" Ordinary Shares of £1 each;
- (b) to compensate the holders of the voting "A" Ordinary Shares for the dilution of their voting rights, pursuant to paragraph (c) below, 9,000 new voting "A" Ordinary Shares of £1 each credited as fully paid were issued to those shareholders in proportion to their immediately preceding holdings of the voting "A" Ordinary Shares by the capitalisation of £9,000 standing to the credit of the Company's profit and loss account;
- (c) the special rights attached respectively to the voting "A" Ordinary Shares and non-voting "B" Ordinary Shares were cancelled to the intent that all such shares were thenceforth consolidated into and designated as Ordinary Shares of £1 each ranking *pari passu* in all respects; and
- (d) the share capital of the Company was sub-divided into 5,000,000 Ordinary Shares of 10p each ranking *pari passu* in all respects.

(iii) On 25th June, 1979, 25,996 Ordinary Shares of 10p each in the Company each credited as fully paid were issued pursuant to the contract to acquire Oundle Marina Limited ("Oundle") referred to in paragraph 6(vi) below.

(iv) By or pursuant to resolutions passed at an Extraordinary General Meeting of the Company on 26th June, 1979:—
- (a) £248,900.40 being part of the sum standing to the credit of the Company's profit and loss account was capitalised and applied in paying up in full 2,489,004 Ordinary Shares of 10p each, which were allotted credited as fully paid to the shareholders in proportion to their holdings; and
- (b) the Memorandum of Association was amended, new Articles of Association were adopted and the Company became a public company.

(v) Save as disclosed herein:—
- (a) No share or loan capital of the Company or of any of its subsidiaries has been issued within the two years immediately preceding the date of this document or is now proposed to be issued, fully or partly paid either for cash or for a consideration other than cash;
- (b) no commissions, discounts, brokerages or other special terms have been granted by the Company or by any of its subsidiaries within the said two years in connection with the issue or sale of any share or loan capital of such companies; and
- (c) no share or loan capital of the Company or of any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(vi) No material issue of shares of the Company (other than to shareholders *pro rata* to their existing shareholdings) will be made within one year of the date of this document without prior approval of the Company in general meeting.

(vii) No issue of shares which would effectively alter the control of the Company will be made without prior approval of the Company in general meeting.

2. SUBSIDIARIES

The Company has the following subsidiaries, both of which are wholly-owned companies incorporated in England:—

Subsidiary	*Date of incorporation*	*Issued share capital* £
Oundle Marina Limited	24th June, 1974	500
Kelly Line Limited ("Kelly")	30th January, 1974	200

3. ARTICLES OF ASSOCIATION

The new Articles of Association of the Company, referred to above, contain provisions, *inter alia*, to the following effect:—

Votes of Members

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member, who, being an individual is present in person or being a corporation is present by a duly authorised representative, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

No member shall be entitled to vote or exercise any right conferred by membership in relation to meetings of the Company if he or any person appearing to be interested in Ordinary Shares registered in his name is in default in supplying to the Company within 42 days, the information required by a valid notice served under Section 27 of the Companies Act 1976.

Variation of Rights

The rights and privileges for the time being attached to any class of shares forming part of the issued share capital for the time being of the Company may be varied or taken away with the consent in writing of the holders of three-fourths in number of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of the Company's Articles of Association as to General Meetings shall *mutatis mutandis* apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question, that any holder of shares of the class present in person or by proxy may demand a poll, that the holders of shares of the class shall on a poll have one vote for each share of the class held by them respectively and that if at any adjourned meeting of such holders a quorum as above defined is not present in person or by proxy, those of such holders who are present shall be a quorum.

Directors

Save as provided below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely: (a) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries; (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof; (d) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, but is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived; and (e) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately, and in such case each of the Directors concerned (if not debarred from voting under the immediately preceding paragraph) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntary agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Directors shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

Any Director who by request devotes the whole of his time to the Company's affairs or performs special services or goes or resides abroad for any purposes of the Company may receive such remuneration by way of salary, commission, bonus, participation in profits or otherwise or partly in one way and partly in another, as the Directors may determine.

The Directors may also be paid all expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

The Directors may establish and maintain any pension, insurance, or superannuation funds or schemes and shall have the power to give or procure the giving of donations, gratuities, pensions or similar payments to any persons, including Directors and former Directors who hold or have held at any time any employment or office in the Company or any of its subsidiaries or associated companies and the wives, widows, widowers, families and dependants of any such Directors and former Directors.

Directors are not obliged to hold any qualification shares.

No Director shall vacate or be required to vacate his office as a Director on or by reason of his attaining or having attained the age of 70 or any other age, and any Director retiring or liable to retire under the provisions of these articles and any person proposed to be appointed a Director shall be capable of being appointed or re-appointed as a Director notwithstanding that he has attained the age of 70 and no special notice need be given of any resolution for the appointment or re-appointment as a Director of a person who shall have attained the age of 70, and it shall not be necessary to give to the members notice of the age of any Director or person proposed to be appointed or re-appointed as such.

Borrowing Powers

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies for the time being so as to ensure (as regards subsidiary companies so far as by such exercise they can ensure) that the aggregate principal amount for the time being remaining undischarged of all moneys borrowed by the Group (exclusive of intra-Group borrowings) shall not at any time without the prior sanction of an Ordinary Resolution of the Company exceed one and a half times the aggregate of the amount paid up or credited as paid up on the issued share capital of the Company and the amounts standing to the credit of the consolidated capital and revenue reserves of the Company and its subsidiaries (including share premium account, capital redemption reserve fund and profit and loss account) all as shown by the latest audited consolidated balance sheet of the Company and its subsidiaries. For these purposes, "the Group" means the Company and its subsidiaries. The sanction of an Ordinary Resolution of the Company is not required for borrowings which exceed this limit and which are intended to be applied (and are so applied within six months) in the repayment (with or without premium) of previous borrowings.

4. DIRECTORS' AND OTHER INTERESTS

(i) The beneficial interests of the Directors in the Ordinary Share capital of the Company immediately following the completion of the placing as they will appear in the Register maintained under the provisions of the Companies Act 1967 will be as follows:—

Director	*Ordinary Shares of 10p each*
S.T.Newington	901,437
J.T.Newington	156,691
B.A.Newington	85,151
D.R.Proctor	—
J.F.Sharman	—

Following the completion of the placing, S. T. Newington and B. A. Newington, being the trustees of a settlement created by Mr. J. T. Newington, will hold 1,211,676 Ordinary Shares of 10p each representing approximately 34.6 per cent. of the issued Ordinary Share capital of the Company. Save as aforesaid, no Director has any non-beneficial interest in the Ordinary Share capital of the Company.

Apart from the holdings set out above, the Directors are not aware of any shareholding which will, following completion of the placing, represent 5 per cent. or more of the issued Ordinary Share capital of the Company.

(ii) On 26th June, 1979, Mr. S. T. Newington entered into a full-time service agreement with the Company for a term expiring on 12 months' prior notice at 25th June, 1984 or at the expiry of any subsequent calendar month. Under these arrangements Mr. S. T. Newington receives a salary of £25,000 per annum together with a commission of 2 per cent. of the amount of the net profits of the Company and its subsidiaries in excess of £500,000 in the financial year. No other Director has an existing service contract and none is proposed.

(iii) The aggregate emoluments of the Directors of the Company, including pension contributions, amounted to £64,075 for the year ended 30th September, 1978, and under the arrangements now in force for the current year, are estimated to be £72,243.

(iv) Mr. D. R. Proctor is a partner in Roythorne & Co., solicitors to the Company and its subsidiaries ("the Group"), who will receive a fee for professional work undertaken in respect of the placing.

(v) Save as disclosed herein, no Director of the Company has or has had, within two years before the date hereof, any interest in any assets which have been, or which are proposed to be, acquired, or disposed of by, or leased to the Company or any of its subsidiaries, and no contract or arrangement subsists in which a Director of the Company is materially interested and which is significant in relation to the business of the Group, taken as a whole.

5. CONTRACT WITH BARCLAYS MERCHANT BANK LIMITED

Under the contract referred to in paragraph 6(vii) below, Barclays Merchant Bank Limited has agreed, subject to the whole of the issued Ordinary Share capital of the Company being admitted to the Official List by the Council of The Stock Exchange not later than 6th July, 1979, to purchase or to procure purchasers for a total of 1,225,000 Ordinary Shares of 10p each in the Company at 80p per Ordinary Share from Mr. J. T. Newington and Mr. S. T. Newington ("the Vendors"), being 35 per cent. of the issued Ordinary Share capital. The contract provides, *inter alia*, that the Company will pay the expenses of and incidental to the application for the issued Ordinary Share capital to be admitted to the Official List (including the costs of printing, advertising this document and all accountancy, valuation and legal expenses) and a fee to Barclays Merchant Bank Limited out of which it will pay a fee to Hedderwick Stirling Grumbar & Co., the brokers.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into within two years immediately preceding the date hereof and are or may be material:—

(i) Contract dated 15th August, 1978, between Vera Constance Fisk (1) and the Company (2) whereby the Company agreed to purchase the freehold of 26A Ennismore Gardens Mews, London SW7 for £87,500.

(ii) Agreement dated 20th September, 1978, between Lawrence Michael Stephenson, Jenifer Shirley Horsfall Stephenson, Michael Graham Stephenson and David Malcolm Stephenson (1) and Kelly (2) relating to the purchase of the freehold premises occupied by Kelly at Godmanchester, Cambridgeshire for £38,000.

(iii) Agreement dated 29th September, 1978, between Gordon Bryce and Terence John Kelly (1) and the Company (2) whereby the Company agreed to acquire the whole of the issued share capital of Kelly for £19,221.54.

(iv) Deed dated 29th September, 1978, between Gordon Bryce and Terence John Kelly (1) and the Company (2) and Kelly (3) containing indemnities in favour of the Company and Kelly against any diminution in the value of the assets of Kelly by reason of capital gains tax, corporation tax and other taxes.

(v) Contract dated 20th April, 1979, between the Company (1) and Samuel Tompsett Newington and Briony Anna Newington (2) whereby the latter agreed to purchase from the former the freehold of 26A Ennismore Gardens Mews, London SW7 for £92,000.

(vi) Agreement dated 21st June, 1979, between Samuel Tompsett Newington (1) and the Company (2) whereby the Company agreed to acquire the whole of the issued share capital of Oundle in exchange for the issue of 25,996 fully paid Ordinary Shares of 10p each in the capital of the Company.

(vii) Agreement dated 26th June, 1979, between John Tompsett Newington and Samuel Tompsett Newington (1) Samuel Tompsett Newington, John Tompsett Newington, Briony Anna Newington, John Frederick Sharman and David Richmond Proctor (2) the Company (3) and Barclays Merchant Bank Limited (4) being the contract with Barclays Merchant Bank Limited referred to in paragraph 5 above.

(viii) Deed of Indemnity dated 26th June, 1979, between John Tompsett Newington and Samuel Tompsett Newington (1) the Company (2) and Barclays Merchant Bank Limited (3) containing indemnities in favour of the Company and Barclays Merchant Bank Limited against any diminution in the value of the assets of the Group as a result of certain taxation liabilities.

(ix) Agreement dated 26th June, 1979, between the Company (1) and Samuel Tompsett Newington (2) being the service agreement referred to in paragraph 4 (ii) above.

7. PROFIT FORECAST ASSUMPTIONS AND LETTERS

Bases and Assumptions

The profit forecast for the year ending 30th September, 1979 is based on the audited consolidated accounts of the Group for the 6 months ended 31st March, 1979 and on the following principal assumptions:—

(i) *Production/Sales*
That production against firm orders will be not less than £2.77 million at net selling prices in the six months ending 30th September, 1979.

(ii) *Continuity of Production*
That there will be no significant disruption of production caused by industrial disputes either at the Company or at its suppliers.

(iii) *Legislation*
That there will be no changes in government legislation, either in the U.K. or in the Company's principal export markets, which will adversely affect the trade of the Company.

(iv) *Gross Margin*
That the gross margin, before employees' profit share, for the six months ending 30th September, 1979 will not be less than that achieved in the year ended 30th September, 1978.

(v) *Taxation*
That the effective overall corporation tax rate payable by the Company for the year ending 30th September, 1979 will be approximately 35 per cent.

Letters

The following are copies of letters which have been addressed to the Directors of the Company relating to the profit forecast for the year ending 30th September, 1979.—

(i) Letter from the joint reporting accountants Hodgson, Harris & Co. and Binder Hamlyn:—

Hodgson Harris & Co.
Welland House,
High Street,
Spalding,
Lincolnshire PE11 1UB

Binder Hamlyn
8 St. Bride Street,
London EC4A 4DA
26th June, 1979

The Directors,
Fairline Boats Limited.

Dear Sirs,

We have reviewed the accounting bases and calculations for the profit forecast of Fairline Boats Limited ("the Company") and its subsidiaries ("the Group") for the year ending 30th September, 1979, as set out in the document to be dated 26th June, 1979 and issued in connection with the placing of 1,225,000 Ordinary Shares in the Company, for which profit forecast the Directors are solely responsible.

The profit forecast takes account of the audited interim results for the half-year ended 31st March, 1979, as set out in the document and, in our opinion, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by the Directors set out in the document, and is presented on a basis consistent with the accounting practices normally adopted by the Group.

Yours faithfully,

Hodgson, Harris & Co.
Chartered Accountants

Binder Hamlyn
Chartered Accountants

(ii) Letter from Barclays Merchant Bank Limited:—

Dashwood House,
69 Old Broad Street,
London EC2P 2EE
26th June, 1979

The Directors,
Fairline Boats Limited.

Dear Sirs,

We refer to the profit forecast for the year ending 30th September, 1979 set out in the Chairman's letter included in the document to be dated 26th June, 1979 and issued in connection with the placing of 1,225,000 Ordinary Shares of 10p each in the Company, for which profit forecast the Directors are solely responsible.

We have discussed with yourselves and Hodgson, Harris & Co. and Binder Hamlyn the bases and assumptions on which the profit forecast was made. We have considered the letter dated 26th June, 1979, addressed to you from Hodgson, Harris & Co. and Binder Hamlyn regarding the accounting bases and calculations adopted in arriving at the profit forecast.

On the basis of the above, we consider that the profit forecast has been made by you after due and careful enquiry.

Yours faithfully,
for BARCLAYS MERCHANT BANK LIMITED
Colin P. Astin,
Director.

8. TAXATION

The Directors have been advised that following the completion of this placing it is expected that the Company will not be a close company within the meaning of the Income and Corporation Taxes Act 1970.

Clearances under Schedule 16, Finance Act 1972 have been obtained for the Group in respect of appropriate periods up to and including the year ended 30th September, 1978. Clearances under Section 464 of the Income and Corporation Taxes Act 1970 and under Section 88 of the Capital Gains Tax Act 1979 have been obtained in respect of the Company's acquisition of Oundle and under Section 464 of the Income and Corporation Taxes Act 1970 in respect of this placing.

By the Deed of Indemnity referred to in paragraph 6(viii) above, the Vendors have given indemnities to the Company and Barclays Merchant Bank Limited in respect of any diminution in value of the assets of the Group by reason of estate duty, capital transfer tax and other taxation.

9. GENERAL INFORMATION

(i) So far as the Directors of the Company are aware, there is no material litigation or any claim of material importance pending or threatened against the Company or any of its subsidiaries.

(ii) The Company has insured the life of Mr. S. T. Newington for the sum of £500,000 for a period of 3 years with Phoenix Assurance Company Limited.

(iii) The total expenses payable in respect of this placing and application for a Stock Exchange listing are estimated to be £130,000 exclusive of value added tax and are payable by the Company.

(iv) Barclays Merchant Bank Limited has given and has not withdrawn its written consent to the issue of this document with the inclusion therein of its letter on the profit forecast and its name and the references thereto in the form and context in which they appear respectively.

(v) Hodgson, Harris & Co. and Binder Hamlyn have given and not withdrawn their respective written consents to the issue of this document with the inclusion therein of their joint report, joint letter on the profit forecast and names and the references thereto in the form and context in which they appear respectively.

(vi) Hugh G. Smith, F.R.I.C.S., Senior Partner, Wilson & Partners, has given and not withdrawn his written consent to the issue of this document with the inclusion therein of the references to his valuation, his name and the name of his firm in the form and context in which they appear respectively.

(vii) No proceeds in respect of the shares now being placed are to be received by the Company.

(viii) Barclays Merchant Bank Limited (the ultimate holding company of which is Barclays Bank Limited), whose Registered Office is at 54 Lombard Street, London EC3P 3AH, is registered in England and its registered no. is 181866.

(ix) The Company was incorporated on 23rd September, 1968, in England and its registered no. is 939223.

(x) The documents attached to the copies of this document delivered to the Registrar of Companies for registration were the written consents referred to in paragraphs 9(iv), 9(v) and 9(vi) above, the joint statement of Hodgson, Harris & Co. and Binder Hamlyn setting out the adjustments made in arriving at the figures contained in their joint report and giving the reasons therefor, copies of the contracts referred to in paragraph 6 above, copies of the placing letter and of the fully paid renounceable letter of acceptance.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Barclays Merchant Bank Limited, Dashwood House, 69 Old Broad Street, London EC2P 2EE and Roythorne & Co., 10 Pinchbeck Road, Spalding, Lincolnshire PE11 1PZ during usual business hours on weekdays (Saturdays and public holidays excepted) for a period of fourteen days from the date of this document:—

(i) The Memorandum and Articles of Association of the Company;
(ii) the audited consolidated accounts of the Company and the audited accounts of the Company and Oundle for the two years ended 30th September, 1978 or 31st October, 1978, as appropriate, the audited accounts of Kelly for the year ended 30th September, 1978, and the audited consolidated accounts of the Company and the audited accounts of the Company and each of its subsidiaries for the relevant periods ended 31st March, 1979;
(iii) the joint accountants' report and statement of adjustments;
(iv) the valuation by Hugh G. Smith, F.R.I.C.S., of the Group's properties;
(v) the material contracts referred to in paragraph 6 above;
(vi) the written consents of Barclays Merchant Bank Limited, Hodgson, Harris & Co., Binder Hamlyn and Hugh G. Smith, F.R.I.C.S.;
(vii) the letters relating to the profit forecast set out in paragraph 7 above.

26th June, 1979.

Copies of this document may be obtained from:—

Barclays Merchant Bank Limited
Dashwood House,
69 Old Broad Street,
London EC2P 2EE

Hedderwick Stirling Grumbar & Co.
1 Moorgate,
London EC2R 6AA

Roythorne & Co.
10 Pinchbeck Road,
Spalding,
Lincolnshire PE11 1PZ.

Barclays Bank Limited
10 Hall Place,
Spalding,
Lincolnshire PE11 1SR.

WORLD STOCK MARKETS

Early Wall St. responds to OPEC hopes

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—34% (34¼%)
Effective $2.1520 10⅞% (11½%)

A SLIGHTLY FIRMER tendency prevailed on Wall Street yesterday, reflecting hopes that the oil price increase decided by OPEC Oil Ministers will not be as large as previously feared. But best S.E. levels were not always held.

After rising 2.08 to 846.33, the Dow Jones Industrial Average

Closing prices and market reports were not available for this edition.

reacted to 844.25 by 1 pm, leaving it unchanged on the day, while the NYSE All Common Index was up 15 cents to $58.05, after touching $58.12. Rises led falls by a seven-to-five majority, while the trading volume was little changed at 22.51m (22.44m) shares.

Reports from Geneva indicated Saudi Arabia may press for a much lower price than sought by many of the other members.

The Stock Market also drew some strength from gains by the dollar following comments by Treasury Secretary Blumenthal that there is a concensus among the seven nations attending the Tokyo Summit to put ceilings on oil imports, backed up with a mechanism for control. But details were not spelled out.

Analysts said the 1.1 per cent May increase in Consumer Prices was on the high side of expectations.

Chesapeake Corp. of Virginia moved up $2½ to $49⅛, although it believes an expected merger offer will not be made.

Active **Greyhound** picked up $⅜ to $15½—the gasoline shortage has boosted its passenger traffic more than 100 per cent on some routes, the Interstate bus operator said.

Gaming shares firmed after recent weakness, but Golds slipped a bit as bullion prices eased on dollar strength.

IBM tacked on $⅜ at $74½, **Allied Chemical** $⅜ at $34⅜, **Exxon** $⅛ at $52½, **General Electric** $¼ at $49⅞, **Teledyne** $2⅞ at $129⅜ and **Superior Oil**, which tumbled $15 on Monday, recovered $2 to $422.

Data General slipped $⅝ to $73½, even though its fiscal third quarter profit rose.

THE AMERICAN SE Market Value Index gained 0.57 to 200.30 on turnover of 2.74m (2.37m) shares.

Volume leader **General Exploration** moved up $⅜ to $9⅞. Among other actives, **Federal Resources** picked up $⅜ to $7, **Houston Oil** $⅛ to $19⅛, **Tubas de Acero** $1½ to $23⅜ and **Resorts International "A"** $¼ to $40⅞.

Computer Investors Group were lifted $⅝ to $4 on a profit for the March 31 fiscal year, up from a loss a year before.

Active **Colonial Commercial** tumbled $2⅛ to $18¼—it is considering a rights offering of shares of a subsidiary.

Canada

Markets were higher in fairly active noon trading yesterday, when the Toronto Composite Index rose 3.2 to 1606.2.

The Metals and Minerals Index gained 3.7 to 1369.7, Oil and Gas 2.5 to 2840.7, Utilities 1.75 to 236.56, Banks 1.57 to 305.72 and Papers 1.23 to 171.46. Only Golds, down 16.5 to 1891.3, moved against the general trend.

Among Oils, **Numac Oil** rose $1½ to $39⅞, **Amalgamated Bonanza** $⅞ to $19½, **Canadian Superior** $1 to $146 and **Shell Canada** $⅜ to $20½.

On a lower London gold fix, **Dome Mines** shed $1¼ to $45⅛, while **Camflo Mines** at $15½ and **Dickenson Mines** at $8⅝ each shed $¼.

BP Canada where up $¼ to $28¼ on a raised rividend.

Trans - Canada Resources firmed 5 cents to $3.05 on higher earings.

Canadian Pacifica gained $1 to $32⅞.

Among rising Paper issues, **Domtar** added $⅛ at $23¼.

Royal Bank were up $⅛ to $41⅞, while **Bank of Montreal** firmed $¼ to $23⅞ on a raised dividend.

Germany

Share prices continued firmer in nearly all sectors, with leading issues gaining ground in a moderate turnover.

Motors responded to strong foreign interest. **Daimler** were marked up DM 5.50 and **VW** DM 3.70. But **BMW** lost DM 1.50 against the general trend.

Banks put on up to DM 1.50. In Stores **Karstadt** gained another DM 2.50. **Preussag** were up DM 1.70 in Engineerings, while leading Chemicals showed only minor changes.

On the Domestic Bond Market the optimistic mood strengthened and Public Authority issues gained up to 25 pfennigs, despite Bundesbank sales of DM 77.3m worth of stock.

Paris

The market was narrowly mixed in uncertain trading ahead of decisions on oil pricing by the OPEC meeting. There was no clear market reaction to news of a 1.1 per cent rise in French Retail Prices in May, the highest monthly increase for 11 months.

Department Stores, Motors, Chemicals, and Oils were lower, while all other sectors were mixed, except for Construction Equipments which were firm. **Poclain** advanced FFr 10.7 to FFr 245.9.

Among Foreign Stocks, Americans were steady, Germans, Dutch and Oils firm, while Gold Mines were easier.

Brussels

Belgian share prices were mostly lower in very quiet trading.

In Foreign stocks, Germans and Canadians were higher, U.S. and UK little changed, French lower and Dutch mixed. Gold Mines also were lower.

Amsterdam

Share prices closed mostly higher, with **Royal Dutch** gaining Fls 2.90 to 146.70, its highest level of the year. **Hoogovens** held unchanged in otherwise firmer Internationals.

Shippings were higher with **KNSM**, **Nedlloyd** and **Van Ommeren** putting on up to Fl 2.50. **Robeco** gained Fls 1 and **Ahold** Fl 15. But **Algemene Bank Nederland**, **Deli** and **Pakhoed** each lost around one guilder.

State Loans were little changed.

Switzerland

Prices moved slightly higher in increased Settlements Day turnover supported by the recovery of the U.S. dollar.

Swissair rose SwFr 4, while Financials were actively firmer led by **Holderbank**, **Moevenpick**, **Oerlikon-Buehrle** and **Elektrowatt**.

Insurances were mixed. Leading Industrials were generally higher.

Utilities continued higher on renewed support. **KW Laufenburg** recouped part of its coupon cession. **CKW** and **Atel** also gained ground on a possible rise in energy prices.

Domestic and Foreign Bonds firmed slightly.

Dollar stocks fluctuated narrowly, while **Chrysler** gained ground. Dutch Internationals rose, led by **Royal Dutch**. German shares were widely firmer, while **Norsk Hydro** were sharply higher on higher demand.

Milan

Stocks closed lower in quiet trading.

Fiat, **Snia Viscosa**, **Pirelli**, **Bastogi**, **Assicurazioni Generali** and **Olivetti** all weakened in a market affected by political uncertainty and the possible rise in the price of petrol.

Bonds were off in very quiet trading.

Australia

Industrials firmed, while Minings turned slightly easier in uncertain trading ahead of the OPEC meeting and local factors, such as the end of the Financial Year and today's National Wage case decision.

BHP gained 8 cents to $A8.84 and **CSR** 4 cents to 3.23.

Interest centred on Resources stocks, with **Central Pacific** rising 50 cents to 13.50 and **Magellan** 10 cents to 1.70.

Ampol Petroleum put on 3 cents to 63 cents, **Weeks Petroleum** 20 cents to 2.85 and **Coal and Allied** 36 cents to 6.66.

Johannesburg

Golds were easier in line with the bullion price. The market was also hesitant ahead of the outcome of the OPEC meeting.

"Heavyweights" were up to 75 cents lower, and losses elsewhere ranged to 25 cents.

Mining Financials were little changed, Platinums were 5 to 10 cents off. Antimony share **Consolidated Murchison** rose 10 cents to R6.50.

Industrials were harder in slack trading.

Tokyo

Share prices closed slightly higher in moderate trading, after late profit-taking and liquidations pared early gains. Volume 260m (230m) shares.

Trading slowed towards the close as investors became reserved ahead of the outcome of the OPEC Meeting in Geneva.

Oils were higher on speculative buying, with **Arabian Oil** rising Y180 to 5,300, **Teikoku Oil** Y38 to 873 and **Koa Oil** Y55 to 749.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⚘ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

NEW YORK

Stock	June 25	June 22
Abbott Labs	34¼	35¼
AM International	14⅞	15⅛
Adobe Oil & Gas	29	30¼
Aetna Life & Ca.	51⅛	51⅝
Air Products	30⅝	32
Alcan Aluminium	33¼	33⅞
Alcoa	52½	52¼
Collins Aikman	9⅜	9⅜
Columbia Gas	28¼	28⅜
Columbia Pict	25⅛	24
Com.InsCo.of Am	18⅛	18½
Combustion Eng.	43⅞	42¾
Combustion Eq.	12½	12¾
C'm'wth Edison	23⅛	23⅛
Compugraphic	37½	39⅛
Comm. Satellite	45¼	45½
ComputerScienc	12½	12
Conn Life Ins	36⅝	36⅝
Conrac	14⅛	14⅝
Con. Edison NY	24⅜	24⅜
Consol Foods	22⅞	23½
Consol Nat. Gas	40½	40
Consumer Power	22⅛	21⅞
ContinentalGr'up	28⅞	29⅛
Continental Oil	37⅞	37¼
Continental Tele	16⅞	16½

Stock	June 25	June 22
Control Data	40½	40⅝
Cooper Indus	56⅛	55½
Corning Glass	58½	59⅜
CPC Int'rnation'l	51⅛	51⅛
Crane Co	29½	29⅞
Crocker Natl	29	29⅛
Crown Zellerb'h.	36½	36⅝
Cummins Engine	35⅛	34
Curtiss Wright	15⅜	15⅞
Hutton (E.F.)	17½	17⅜
I.C. Industries	27¼	27⅛
INA	46⅛	45⅝
Ingersoll Rand	51¼	51½
Inland Steel	37⅛	37¼
Insilco	12¼	12¼
IBM	73⅞	74½
Intl. Flavour	20⅞	20⅞
Intl. Harvester	39¼	39¼
Intl. Min & Chem	48½	48
Intl. Multifoods	19⅛	19⅝
Inco	20⅞	20⅛
Intl. Paper	44⅞	45¼
Intl. Rectifier	13⅞	14⅛
Intl. Tel & Tel.	29	29
Iowa Beef	22	22¼
IU International	12⅝	13
Jim Walter	31½	31⅛

Stock	June 25	June 22
Johns Manville	24½	24⅜
Johnson Johnson	72⅝	72⅝
Johnson Control	29	28¼
Joy Manufacturg	34⅞	35⅝
K. Mart	27⅜	27⅞
Kaiser Alumini'm	18⅛	19⅛
Kaiser Industries	2	2
Kaiser Steel	35⅛	36⅛
Kaneb Services	17	17⅛
Kay	15¼	16½
Phillips Petro'm.	37	37
Pillsbury	35½	35¼
Pitney-Bowes	26⅛	26⅜
Pittston	25⅝	24⅞
Plessey Ltd ADR.	21⅜	21¼
Polaroid	31⅝	32½
Potomac Elec.	13⅛	13½
PPG Industries	[illegible]	38⅞
Procter Gamble	78⅛	78⅜
Pub. Serv. Elec.	21½	21⅝
Pullman	31⅛	32⅛
Purex	16⅝	16⅛
Quaker Oats	23½	24
Rapid American	17¼	17⅞
Raytheon	48	48⅛
RCA	25	25¼
Republic Steel	27	27⅜
Resorts Intl	40⅜	42¼

Stock	June 25	June 22
Revlon	46⅛	47¼
Reynolds Metals	33⅝	33¼
Reynolds (R.J.)	56⅝	56¼
Rich'son Merrell	20⅝	20⅛
Rockwell Inter.	37½	38¼
Rohm & Haas	39	39¼
Royal Dutch	72⅜	70¼
RTE	10⅝	11
Ross Togs	10⅞	10¼
Ryder System	21	20⅝
Safeway Stores	36⅝	37⅜
Unilever	48⅝	48⅝
Unilever NV	61	60½
Union Carbide	38	38
UnionCommerce	13½	13
Union Oil Calif.	37	38¼
Union Pacific	67⅜	68
Uniroyal	6	5⅞
United Brands	9⅞	9⅜
US Bancorp	25½	25⅜
US Gypsum	29⅛	29⅜
US Shoe	20⅜	20⅝
US Steel	22⅛	22¼
UtdTechnologies	37⅜	37⅜
UV Industries	21⅛	21⅜
Virginia Elect.	13	13
Wagreen	25⅞	26⅜
Wallace-Murray	23⅝	23⅞
Warner-Commn.	54⅛	54⅜
Warner Lambert	24	24¼
Waste-Man'ment	32½	32⅛
Wells Fargo	28	28⅜
Western Bancorp	29⅜	29½
Western N.Amer.	35	35
Western Union	22⅛	23⅛
W'stnghse Elec.	19½	19⅜
Weyerhaeuser	29⅜	29⅜
Whirlpool	21	21
White Con. Ind	26¼	26⅛
Williams Co.	20½	19⅝
Wsconsin Elect.	26⅜	26⅜
Woolworth	26⅜	27⅛
Wyly	5⅛	5⅛
Xerox	62⅜	62⅜
Zapata	19¼	18¾
Zenith Radio	12⅛	12⅛
U.S. Treas.4%'80	†96½	†96¼
USTreas4¼%75'85	†85½	†85¼
U.S. 90-day bills	8.77%	8.96%

CANADA

Stock	June 25	June 22
Placer Develop't	32⅛	32½
Power Corp'n	13⅛	13⅜
QuebecSturgeon	2.50	2.80
Ranger Oil	30½	30⅜
Reed Stenhouse	10⅜	10½
Rio Algom	37⅛	36⅝
Royal Bk. of Can.	41¼	40⅞
Royal Trustco	17	17¼
Sceptre Res'urce	8⅜	8⅜
Seagram	36	36¼
Shell Canada	23¼	24⅛
Sherritt G. Mines	11⅛	11
Simpson	3.25	3.20
Steel of Canada	29⅞	29⅞
Steep Rock Iron	4.00	4.15
Teck Corpn. 'B'	13⅛	13⅛
Texaco Canada	72	72
Toronto Dom.Bk.	22⅜	22⅜
TransCanPipeLn	23⅜	24
TransMount Pipe	10⅛	10⅞
Trizec	†20¼	†19½
Union Gas	11⅜	11⅜
UntdSiscoe Mnes	10¼	10½
Walker Hiram	41⅞	41⅛
West Coast Trans	15¼	14⅞
Weston (Geo.)	25	25¼

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ♦

June 26	Price DM.	+ or —	Div. %	Yld. %
AEG	49.7	—0.2	—	—
Allianz Versich.	447	+2	31.2	3.5
BHF-BANK	194.0	+0.5	—	—
BMW	195.5	—1.5	28.12	7.2
BASF	136.4	+0.2	18.75	6.9
Bayer	127.8	—0.2	18.75	7.3

TOKYO ¶

June 26	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	345	—3	14	2.0
Canon	538	+3	12	1.1
Casio	710	—5	25	1.8
Chinon	522	—8	20	3.1
Dai NipponPrint	646	+1	18	1.6
Fuji Photo	630	—6	15	1.2
Hitachi	245	+2	12	[illegible]

Indices

NEW YORK—DOW JONES

	June 25	June 20	June 19	June 18	June 15	June 21	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
♦ Industr'ls	844.25	839.83	839.40	839.40	843.30	845.64	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.35	85.47	85.26	85.36	85.51	85.49	85.80 (2/2)	82.92 (8/5)	—	—
Transport.	240.85	239.48	240.11	239.75	240.88	240.02	246.67 (12/6)	206.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	105.11	105.38	105.58	105.55	105.28	105.31	106.75 (15/6)	[illegible] (15/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	31,450	35,810	30,900	31,150	33,010	37,210	—	—	—	—

♦ Day's high 850.83 low 839.66

	June 22	June 15	June 8	Year ago (approx)
Ind. div. yield %	5.97	6.01	6.07	5.68

STANDARD AND POORS

	June 25	June 22	June 21	June 20	June 19	June 18	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‖Indust'ls	113.23	113.34	113.30	112.73	112.70	112.88	116.89 (3/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
¶Composite	102.09	102.64	102.09	101.63	101.58	101.66	103.34 (10/4)	96.13 (27/2)	125.85 (11/1/6)	4.40 (1/6/32)

	June 20	June 13	June 6	Year ago (approx)
Ind. div. yield %	5.30	5.24	5.28	5.07
Ind. P/E Ratio	7.91	7.98	7.92	9.11
Lon Gov. Bond Yield	8.87	8.81	8.95	8.52

N.Y.S.E. ALL COMMON

June 25	June 22	June 21	June 20	1979 High	1979 Low
57.90	58.21	57.91	57.65	58.18 (10/4)	53.88 (27/2)

Rises and Falls

	June 25	June 22	June 21
Issues Traded	1,892	1,894	1,893
Rises	483	846	873
Falls	1004	583	567
Unchanged	405	415	453
New Highs	—	—	52
New Lows	—	—	12

MONTREAL

	June 25	June 22	June 21	June 20	1979 High	1979 Low
Industrial	—	275.42	272.80	269.79	275.42 (22/6)	219.18 (2/1)
Combined	—	271.42	269.84	265.67	271.42 (22/6)	225.89 (2/1)
TORONTO Composite	1606.0	1604.0	1594.8	1592.9	1604.0 (22/6)	1316.5 (2/1)
JOHANNESBURG Gold	308.4	305.0	299.1	299.1	308.4 (25/6)	228.4 (17/4)
JOHANNESBURG Industrial	307.2	304.8	295.4	295.4	330.0 (25/6)	278.5 (2/1)

	June 26	Previous	1979 High	1979 Low
Australia (¶)	571.46	566.76	597.68 (19/3)	545.72 (2/1)
Belgium (‡)	105.61	105.86	108.09 (3/5)	98.80 (3/1)
Denmark (**)	94.25	94.04	97.22 (10/6)	88.38 (8/1)
France (††)	88.5	88.8	88.8 (25/6)	71.5 (15/3)
Germany (‡‡)	742.70	741.0	839.6 (16/1)	719.4 (7/6)
Holland (§§)	73.8	72.8	86.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	536.37	531.61	568.90 (5/2)	493.23 (2/1)
Italy (‖‖)	78.79	79.44	80.01 (4/6)	68.38 (2/1)
Japan (a)	447.08	446.75	462.97 (31/1)	436.28 (10/4)
Singapore (b)	381.51	378.29	404.12 (29/6)	346.34 (23/2)

	June 26	Previous	1979 High	1979 Low
Spain (d)	—	(u)	111.56 (8/5)	93.08 (12/1)
Sweden (e)	349.83	339.85	401.34 (6/2)	358.9 (25/6)
Switzerld (f)	308.3	307.9	329.1 (2/6)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Chrysler	908,200	10⅝	—
Caesars Wd.	788,500	29⅝	—1
Bally Mfg.	440,100	40⅞	—3
Amerada Hs.	374,600	48⅞	+1
Occidental P.	684,300	23⅝	+2
Charter Co.	534,500	30⅝	—4
NLT	407,600	36⅝	+
Charter Wts.	324,600	28	—4
Travelers	291,800	38⅛	+
IBM	288,700	73⅞	—

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.354.20	-	-	2	3	-	-	F.341.50
ABN	C	F.370	-	-	—	—	2	2	"
AKZ	C	F.27.50	8	2.10		—	30	3.70	F.29
AKZ	C	F.30	230	0.30	47	1.60	54	2.40	"
AKZ	C	F.32.50	5	0.10	—	—	—	—	"
AKZ	C	F.35	—	-	20	0.40	—	—	"
AKZ	P	F.30	2	1.20	—	—	—	-	"
AKZ	P	F.32.50			—	-	7	3.50	"
ARB	C	F.70		-	—	—	1	3	F.70.30
EK	C	$60	5	1⅛	—	—	—		$59¼
HO	C	F.30		-		-	2	3.50	F.31
HO	C	F.32.50	—	-	3	1.30	—	—	"
HO	C	F.37.50	-		20	0.30	—	-	"
IBM	C	$75	-		2	3⅛	—	-	$73⅞
IBM	C	$80	22	¼	—	-	—	—	"
KLM	C	F.100	47	5.50	10	6.50	—	-	F.104
KLM	C	F.110	27	0.70	200	2.50	—		"
KLM	C	F.120	138	0.10	-	-	1	1.90	"
KLM	C	F.100	20	0.80	24	5	—		"
KLM	P	F.110	30	5.50	26	11.50	—	—	"
PET	C	Fr.4600	5	315	10	460	1	625	Fr.4875
PET	C	Fr.4800	-	—	11	390	—		"
PET	C	Fr.5000	2	66	1	270	10	375	"
PHI	C	F.22.50			—	-	70	2.60	F.24.40
PHI	C	F.25	105	0.50	7	1.40	23	1.90	"
PHI	C	F.27.50	4	0.10	124	0.60	23	1	"
PHI	P	F.25	—	—	126	0.80	—	—	"
PSA	C	F.360	—	—	3	8			F.359
RD	C	F.125			10	22.70	—	-	F.146.40
RD	C	F.135	116	12	—	-	2	14	"
RD	C	F.140	173	7	283	8.50	161	9	"
RD	C	F.145	147	3	317	4.50	545	5.50	"
RD	P	F.140	1	0.30	30	1.50	1	2	"
RD	P	F.145	144	0.90	71	3.10	126	3.40	"
UNI	C	F.120	-	—	10	7.50	—	—	F.125
UNI	C	F.125	12	1.10	—	—	2	4.30	"
UNI	C	F.130	13	0.20	2	1.50	—	—	"
XRX	C	$70	—	—	3	1	—	—	$62½
			Aug.		Nov.		Feb.		
BAZ	C	$40	—	-	3	4⅛	—	—	$41½
BAZ	C	$45	10	1	5	2	—	—	"
OXY	C	$20	—	—	2	4⅜	—	—	$23⅞

TOTAL VOLUME IN CONTRACTS 3663

C = Call P = Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½ %
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd	14 %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½ %
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½ %
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Financial Rand U.S.$0.89 (Discount of 24½%)

inister ands firm fish

chard Mooney

N'S NEW Fisheries r, Mr. Peter Walker, is *taking a tough line on* Market fishery policy ls like that adopted by bour predecessor Mr. lkin.

Walker told the House of is yesterday that at s EEC Council meeting cted EEC Commission s for fish conservation s to come into effect on er 1.

own conservation s, as I had previously ed on May 18, would to operation on July 1. dered that it was vital y should," the Minister

and pleased UK fishing leaders. A British Federation (BFF) an said yesterday the was "*encouraged*" to Mr. Walker was not ng in the face of pres- m the EEC.

re particularly pleased e is sticking by lateral conservation ," the spokesman said.

alker also refused to hanges in the interim ents existing with intries.

d the council that the not prepared to accept emeal approach that be involved in the of a number of limited ity measures that were genda.

Ghanaian cocoa crop lowest for 10 years

ACCRA—Ghana's cocoa production for 1978-79 is estimated at *284,000 tonnes, the lowest* for 10 years. It compares with last year's 277,000 tonnes, the Bank of Ghana said in its latest Economic Bulletin, *reports* Reuter.

At one time the country's annual production average was 650,000 tonnes, but lack of encouragement from the Government to farmers, smuggling and poor climatic conditions have cut production the Bank said.

In a report in February, the International Monetary Fund said Ghana could afford to increase its producer price of cocoa, which at that time was only 31 per cent of the world market price.

The volume of cocoa exports has also declined and between 1967 and 1976 fell by 45.5 per *cent, according to Finance* and Planning Ministry officials.

One of the major political parties, the Peoples' National Party (PNP), said it will be looking seriously at the Cocoa Marketing Board which, it added appears to be a "government within a government."

It said the Board's present role should be reviewed and its charter revised so that it reverts to its original role as a marketing and exporting agency.

On the London futures market yesterday the September cocoa price ended the day £3 down at £1,596.5 a tonne.

Values moved sharply lower in the morning with the September position slipping £24 a tonne as speculative selling added to the recent sustained decline. But prices recovered in late trading in response to the Bank of Ghana production forecast. News of the execution of two former Ghanaian leaders gave additional support.

Traders said the market appeared unaffected by news of higher arrivals of Brazilian Bahia cocoa in the week ended June 24. The total was 201,304 bags compared with 164,184 bags last week.

September coffee futures on the London market also finished £3 lower at £2,049.5 a tonne as Brazilian frost fears eased once again.

But in Utrecht Dutch coffee roaster Douwe Egberts said it did not exclude a rise in the retail price of coffee in the Autumn.

Uncertainty in Brazil caused by the recent frost damage had already led to an increase in international market prices which might be passed on to the consumer, the company said.

Douwe Egberts accounts for about 50 per cent of the Dutch coffee market.

Erratic day in metal market

By Our Commodities Staff

FLUCTUATIONS in the value of sterling against the U.S. dollar made for an erratic day's trading on the London Metal Exchange yesterday.

Copper prices, for example, moved downwards earlier in the day when sterling was *relatively strong*, but picked up and moved ahead later as the dollar gained strength.

Cash wirebars closed £6.5 a tonne up at £897.5 and three months metal was £8 higher at £913.25.

Markets in general were nervous as traders awaited the outcome of the oil price conference, fearful of the potential impact of any large-scale energy price increases on industrial demand for metals.

Renewed demand for cash metal and some steadiness in the eastern markets combined with currency factors to push up tin prices.

The cash price for standard grade tin ended the day £70 a tonne higher at £7,935, while *three months metal* rose £37.5 to £7,122.5.

Lead prices rose marginally for the first time in more than a week, with cash metal gaining £3 to £605 a tonne and three months metal edging up £1 to £571.5.

In Japan aluminium smelters have been told by local oil refineries that fuel oil *supplies will be reduced by 10* to 15 per cent following crude oil cutbacks from oil-producing countries, Yoshio Ogawa, *president* of the Japan Aluminium Federation, said. There was some fear, he added, that the proposed fuel cutback might force the smelters to slow down production.

Stockpile plan

PARIS—France plans further purchases of minerals to reach its stated target of holding two months' supplies by 1985, M. Andre Giraud, Industry Minister, said here.

He told the Federation of Mineral and Non-Ferrous *Metal Producers this would* be done through an appropriate financing mechanism now being worked out.

The Ministry was unable immediately to provide details of France's current stocks. Reuter

WEST GERMAN AGRICULTURE

Ertl fends off big tax rises

BY ELGIN SCHROEDER IN BONN

HERR JOSEF ERTL, the West German Minister of Agriculture, has done it again. *Not only did* he fight off any threat to German farmers' incomes in the EEC price marathon which *ended last week. He also seems* to have beaten off those at home who were seeking a sharp increase in farmers' taxation.

The EEC agreement will, admittedly, bring only a marginal rise in German farmers' incomes. But at least Herr Ertl was able to avoid a total freeze of farm prices—as demanded by the EEC Commission—with the support of Britain until almost the end.

Only days earlier at a special meeting under the chairmanship of Chancellor Helmut Schmidt, Herr Ertl, Herr Hans Matthoefer, the Finance Minister, and Herr Hans Jochen Vogel, the Justice Minister, at last reached accord on the vexed problem of revising agricultural income tax regulations. The most important upshot for the country's 840,000 farmers was that their additional annual tax bill will only be around DM 200m (£50.38m) instead of the more than DM 1bn, thought possible when the dispute began.

This decision was taken despite the findings of a commission of independent experts set up more than a year ago after a row between the Finance Ministry and Herr Ertl over the the farming community's low tax payments. As Herr *Matthoefer wryly remarked*, at a total tax yield of below half a billion Deutschmarks a year, farmers were paying less than the *workforce* at Volkswagen's German headquarters at Wolfsburk.

The matter has been an increasing source of friction between the two Government coalition partners—Herr Ertl's Free Democrats (FDP) and Herr *Matthoefer's Social Democrats* (SPD).

The Commission established that at present only one farmer *in six is liable* to pay full tax. Further, only around 5 per cent are keeping accounts. Another 5 per cent ought to keep books, but *in fact do not*, so their income has to be assessed. Most farmers, however, pay tax on profits at a *flat rate based on the value of* the land under the plough, on the labour input and on the value of the farmstead.

Outrage

According to the Commission's calculations, the value of these assets—especially of the labour input—greatly exceeded the flat rate assessment. *Farmers'* real gains were said to be between four and five times higher than their tax return showed. The experts thus reckoned that the State loses up to DM2bn in revenue annually from the farming community due to the shortcomings of this flat rate procedure.

Many non-farming tax-payers naturally feel outrage at this, but the system is also unfair to farmers themselves. The bigger the farm the more it tends to benefit from the flat rate taxation procedure. This is because the big holdings can often take advantage of mechanisation and therefore in fact employ fewer hands than are assumed under the scheme to be at work.

The Commission thus felt that ideally the flat rate procedure *should* be *abolished*. Failing that it recommended making book-keeping compulsory for all farms with profits *more than DM12,000 a year*. Farms with smaller profits should be assessed at a standard rate—to help medium-sized farms bear the heavier tax burden and keep German agriculture competitive.

Herr Ertl managed to spare his farmers the far heavier overall tax load introduction of all this would have implied. But he had to compromise on some points. Strongly supported by the ever-vigilant German Farmers' Federation he initially demanded that only farmers whose land under the plough was valued at more than DM 48,000 a year be compelled to keep accounts and that the rest remain taxed at a flat rate as at present. But this was too much for the Finance Ministry to stomach.

Under the three-point plan now agreed, many more farmers will be made to keep books the better to assess their tax liability. In principle it is envisaged that book-keeping will be compulsory for all those holdings of more than 30 hectares who are making an annual profit of at least DM 36,000 from a minimum turnover of DM 360,000 or whose agriculturally used land is worth at least DM 40,000. It is estimated that about 140,000 farmers will be covered under these provisions.

Secondly, between 100,000 and 130,000 farmers will have to make simple earnings/expenditure calculations for the tax authorities, if the size of their holdings is between 20 and 30 hectares and the value of their *land under the plough between* DM 25,000 and DM 40,000.

However, to soften the blow Herr Matthoefer has agreed to *increase the tax-free element* in the incomes of both these groups of farmers. Their present allowance of DM 1,200-*DM 2,400* for unmarried and married farmers respectively will go up to DM 2,000-DM 4,000.

The 600,000 or so farmers not fitting into either of these two categories will remain subject to the flat rate assessment, albeit a higher (but so far unspecified) one.

Hurdles

Although the basic accord has been reached in the coalition, the reform has more hurdles to clear before it becomes law. A draft Bill will be presented to the Cabinet after the summer holidays. But already both the Christian Democrats (CDU) and its Bavarian sister party, the Christian Social Union (CSU) have sharply criticised the proposed measures. This is of more than theoretical importance since the Bill will have to come before the Bundesrat, the Upper House of Parliament, where the CDU-CSU has a majority.

Meanwhile, as expected, the Farmer's Federation has expressed deep disappointment at the proposed reform. But there are nonetheless many who feel that farmers could hardly have counted on less additional tax once the case was thoroughly reviewed—and, but for Herr *Ertl, could well have been hit* for more.

'arble fly pest on the wane

IRISTOPHER PARKES

HAS been a dramatic he incidence of warble ation in British cattle, and Livestock Commis- rted yesterday.

onth only 3.6 per cent inspected by MLC in- s at auction markets ested compared with cent in May last year, per cent in the same *1977*.

st impressive improve- the control of the as occurred in the Mid- st May, 71 per cent of spected there were be infested compared per cent last month.

luction in the incidence st follows Government ken last year obliging o treat their cattle and hem against it. The rd winter has also duce the scale of the

"If such an encouraging effort can be continued for a further two or three years we should go a long way towards the eradication of the past," Dr. Dick Melrose, head of MLC's veterinary service said.

The fly, whose grubs burrow through the flesh of live cattle and emerge eventually through the hide along the ridge of their *backs, costs the* livestock industry many millions of pounds annually.

Damaged hides fetch low prices, *the grubs spoil fat* and meat, and the irritation caused to cattle affects milk yields.

The high-pitched buzz of the warble fly has also been known to drive herds of animals to stampede in panic.

Dr. Melrose said the MLC had shown "a much better reduction than we could have possibly hoped for."

Not only were fewer cattle affected but the average number of warbles in each infested animal was much lower than last year.

The Ministry of Agriculture last year reckoned that the eradication of the affliction would cost the farming industry £5m over five years.

● In Harwich yesterday Lord Ferrers, Minister of State at the *Ministry of Agriculture*, gave a boost to the national campaign to protect the country from infection with rabies, calling for help from the media to keep the threat in the public eye.

"Rabies is endemic and spreading on the Continent," Lord Ferrers warned.

The current publicity campaign is being reinforced. New leaflets are being prepared for distribution to trippers. Stickers for lorries will be available later this year, and wall charts and lapel badges for schoolchildren

Japan curbs whale trade

TOKYO—Japan will ban all imports of whales and whaling products from countries which are not members of the International Whaling Commission starting on July 5, the Ministry of International Trade and Industry (MITI) said here yesterday.

A MITI official said the ban is in accordance with resolutions passed by the IWC in 1977 and 1978 asking members to refrain from importing from non-IWC nations.

Japan last year imported 6,030 tons of whalemeat from nations outside the IWC, including 2,776 tons from Cyprus, 2,645 tons from Spain and 597 tons from Somalia.

The official said the total dropped from 7,328 tons in 1977 because South Korea and Peru, principal whale products exporters to Japan, joined the IWC this year and are not included in last year's figures.

He said whale imports from IWC members, including South Korea and Peru, totalled 27,900 tons last year.

Conservationists have accused Japanese companies of exporting whaling equipment to non-IWC *member* nations and buying back their catches to circumvent IWC quotas on several endangered whale species. Japan *and the Soviet Union* are now the only nations with ocean-going whaling fleets.

The 21-member IWC will open a general meeting in London on July 9 to discuss catch quotas for next year.
AP-Dow Jones

Sugar tenders to continue

BRUSSELS — The Common Market's weekly sugar export tenders will continue into July to eliminate remaining stocks, Commission sources said yesterday.

They said at least one tender will be necessary in July on present indications and possibly two, but refused to give further details.

The sources were responding to rumours on the London sugar market that today's tender will be the last of this *year's campaign* since the EEC's sugar year ends on June 30.

Our Guyana Correspondent writes: The nationalised sugar industry here has reported a before-tax profit of £84,000 for last year, compared with a loss of £3.12m the year before when operations were hit by a 135-day strike.

Mr. Harold Davis, chairman of Guyana Sugar Corporation, said in his annual report that group sales for the year were £52.28m (£38.2m).

Canada took 53,965 tons of Guyanese *sugar* last year to come close to displacing the U.S. as the second largest buyer of the country's sugar. However, the EEC remained the major market, taking 167,123 tons of bulk raws and 2,295 tons of specials.

Mr. Davis felt the current year would be another difficult one for the industry and plans for recovery would depend on weather conditions, stable labour relations, increased production and the market price for sugar.

ISH COMMODITY MARKETS

METALS

Higher on the London Metal Exchange in an erratic day's trading reflecting the fluctuations in sterling against the dollar. Forward metal moved down to £895 initially but later moved ahead, in line with the strength of the dollar, to the day's high of £917 prior to closing on the late kerb at £914. Turnover 29,125 tonnes.

	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
	900-1	+8.75	897.8	+[illegible]
	914.5-5	+10	913.5	+8
	901	+10	—	......
	875-7	+11.5	870.5-2	+6.25
	896-8	+11.5	892.4	+7
	877	—4	......	......
	—	......	*88-89.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £892.5, 900, three months £905, 7, 8, 9, 10, 11, 12, 13. Cathodes: cash £876. Kerb: Wirebars three months £915, 14.5, 14, 13, 12, 11. Afternoon: Wirebars three months £914, 13, 10, 11, 12, 13, 13.5. Cathodes cash £870. Kerb: Wirebars three months £916, 16.5, 16, 15, 15.5, 15, 14.5, 14, 13.5.

TIN—Firmer owing to the downturn in sterling, the steadiness of the Penang market, renewed demand for cash material and U.S. physical buying. Forward metal opened at £7,080 and moved up to £7,140 before closing the late kerb at £7,135. Turnover, 2,280 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7970-90	+205	7920-50	+70
3 months	7115-30	+17.5	7150-60	+78
Settlem't	7990	+190	—	......
Standard				
Cash	7970-90	+205	7920-50	+70
3 months	7105-10	+17.5	7120-5	+37.5
Settlem't	7990	+190	—	......
Straits. E.	$1960	......	—	......
New York	—	......	—	......

Morning: Standard, cash £7,950, 8,000, 7,980, 90, 80, three months £7,110, 20, 40, 30, 10, 05. Kerb: Standard three months £7,110. Afternoon: Standard, cash £8,000 7,970, 20, 50, three months £7,120, 30, 25. Kerb: Standard, three months £7,130, 40.

LEAD—Held steady in fairly routine trading with forward metal edging up to £574.5 in the morning before easing to close the late kerb at £569.5. Turnover, 8,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	605-6	—.5	604-5	+5
3 months	573-5	—1.25	571-2	+1
Sett'ment	606	—1	—	......
U.S. Spot	—	......	*54-8	......

Morning: Cash £604, 5, three months £569, 68, 68.5, 69, 72, 74, 73, 73.5. Kerb: Three months £574, 73, 71. Afternoon: Three months £570, 69, 70, 69.5, 71. Kerb: Three months £572, 74, 69.

ZINC—Lower following trade selling which depressed the price from £364 in the morning to £356.5 on the late kerb. Turnover, 4,550 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	352-.5	+1.25	346-5	—4.75
3 months	363-4	+2	356-6	—4.75
S'ment	352.5	+1	—	......
Prim.west	—	......	*39.5	......

Morning: Three months £362, 63, 64. Kerb: Three months £362. Afternoon: Cash £348, 48.5, three months £361, 60, 58, 57, 56. Kerb: Three months £357, 58, 57.

ALUMINIUM—Easier despite the weakness of sterling against the dollar. Forward metal opened at £730 and rose to £736.5 in the morning owing to currency considerations. However, in the afternoon stop-loss selling depressed the price to £730 at which level the price stabilised following *renewed* buying support. *Turnover*, 3,400 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	728-8.5	+1.75	726-8	—7
3 months	734-5	+1.75	731-2	—4

Morning: Three months £731, 31.5, 33, 35, 34, 34.5, 35, 34.5. Kerb: Three months £734. Afternoon: Three months £733, 32, 31, 30, 31. Kerb: Three months £731, 30.

NICKEL—Marginally easier with the market mainly influenced by currency considerations. After opening at £2,730 forward material eased to a low of £2,680 but rallied to close the late kerb *around the £2,750 level. Turnover*, 486 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot				
3 months	2775-80	—20	2750-5	—12.5

Morning: Three months £2,750, 60, 40, 45, 55, 70, 60, 70, 75. Afternoon: Three months 2,760, 50, 55. Kerb: Three months £2,750, 55, 70, 60.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 4.5p an ounce lower for spot delivery in the London bullion market yesterday at 403.6p. U.S. cent equivalents of the fixing levels were: spot 863.9c, down 18.4c; three-month 883.1c, down 19.3c; six-month 900.8c, down 20.2c; and 12-month 934.0c, down 21.2c. The metal opened at 402½-403½p (871-873c) and closed at 401¾-402¾p (864½-866½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	403.60p	—4.5	401.5p	—1.8
3 months	416.00p	—4.7	414.0p	—1.8
6 months	426.90p	—4.7	—	......
12 months	447.50p	—4.7	—	......

LME—Turnover 201 (189) lots of 10,000 ozs. Morning: Three months 415.5, 8. Kerbs: Three months 415. Afternoon: Three months 414.3, 4.5, 4.2, 14, 13.8, 14, 4.1, 13.8, 3.8. Kerbs: Three months 414.5, 4.7, 4.5, 4.2, 14.

COCOA

Although easier during the morning, levels steadied on renewed buying interest and currency considerations closing unchanged, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1560-1569	—2.0	1568-1546
Sept.	1596-1597	—3.0	1605-1575
Dec.	1670-1671	—6.0	1672-1648
March	1707-1710	+7.5	1710-1686
May	1727-1730	+7.0	1727-1706
July	1747-1755	+13.5	1740-1730
Sep.	1765-1775	+17.5	1755-1750

Sales: 4,816 (2,006).

International Cocoa Organisation (U.S. cents per pound): Daily price June 25 156.59 (157.54). Indicator prices for June 25: 15-day average 157.53 (157.79); 22-day average 157.48 (157.49).

COFFEE

After opening on a steady note Robustas remained buoyant for most of the day although there were signs of good trade resistance as the market rallied in the afternoon following a good NY performance, reported Drexel. *Dealers were generally on both sides of the market and trading was well matched in good volume. Values settled* to finish minus 17 to plus 07.5 from Monday.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	2020-21	—17.0	2043-20
September	2049-50	—3.0	2067-44
November	2057-59	+5.5	2078-50
January	2068-69	+7.0	2084-59
March	2055-57	+7.5	2072-46
May	2046-47	+7.0	2064-45
July	2040-50	+7.5	—

Sales: 8,033 (6,575) lots of 5 tonnes.

ICS indicator prices for June 25 (U.S. cents per pound): Other Mild Arabicas 201.67 (198.83); Robustas ICA 1976 199.00 (196.00); ICA 1968 199.50 (196.50); Colombian Mild Arabicas 208.00 (203.00); Unwashed Arabicas 198.00 (196.00). Comp. daily ICA 1968 200.78 (197.81).

GRAINS

Grains markets have been generally *Nov. 96.60, Jan. 100.80, March 104.05*, up to 50-60 points in thin trading and much of the volume emanated from switches. A lack of sellers of barley below 50 lower coupled with commercial buying forced a *rally* on the close and values on barley closed between unchanged to 20 lower. Wheat was generally weak during the day but early hedge selling was absorbed and the market closed about steady between 20-35 points lower, reported Acli.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	93.00	—0.35	88.90	—0.10
Nov.	96.60	—0.2	92.65	—0.2
Jan.	100.80	—0.25	96.80	—0.05
Mar.	104.05	—0.35	100.05	......
May	107.55	—0.25	103.30	—0.05

Business done—Wheat: Sept. 93.0, Nov. 96.60, Jan. 100.80, March 104.05, May 107.55, Sales 221. Barley: Sept. 88.90, Nov. 92.65, Jan. 96.80, March 100.05, May 103.30. Sales 200.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, June 105.75, July 105.25, transhipment East Coast. U.S. Hard Winter, 13½ per cent, July 104, transhipment East Coast. EEC unquoted. Maize: U.S./French June unquoted, July 109.50, Aug. 112, transhipment East Coast. S. African White unquoted. S. African Yellow Aug. 82.00 nominal. Barley: English feed fob Oct./Dec. 93.90. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Location ex farm spot prices. Berks and Oxon—Wheat: 95.00. Barley: 89.00. The UK monetary coefficient for the week beginning *Monday July 2 is expected to remain* unchanged.

RUBBER

EASIER OPENING on the London physical market. Little interest throughout the day, closing on a dull note. Lewis and Peat reported a Malaysian godown price of 294.0 (296.0) cents a kilo (buyer, July).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Aug.	64.10-64.20	64.25-64.75	64.75-64.20
Sept.	65.00-65.40	64.50-64.60	65.50
Oct.-Dec.	67.60-67.50	68.50-68.60	68.55-67.50
Jan.-Mar.	70.40-70.50	70.55-70.75	70.80-69.90
Apr.-June	72.65-72.70	72.80-72.90	72.95-72.10
Jy.-Sept.	74.75-74.85	74.80-75.00	—
Oct.-Dec.	76.90-77.10	77.10-77.20	—
Jan.-Mar.	78.20-78.25	78.85-78.90	78.50-78.00
Apr.-June	81.35-81.40	—	81.40-81.35

Sales: 546 (751) at 15 tonnes and 16 at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.25p (63.0p); August 67.75p (68.0p); Sept. 68.125p (68.50p).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	136.70-38.5	—0.10	133.00-37.70
October	138.00-39.2	+0.10	139.10-38.00
December	138.60-39.0	+0.40	139.00-37.00
February	140.00-40.1	+0.2	140.10-40.00
April	140.70-40.8	......	140.70-40.00
June	141.00-41.8	+0.2	142.20-41.00
Aug.	142.00-43.5	+0.4	142.00

Sales: 262 (127) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £101.0 (same) a tonne cif for May-*June shipment. White sugar daily price* was £104.5 (same).

Currency factors provoked scattered buying which caused prices to gain some 50 points over the morning as sellers withdrew scale-up. Later easier New York quotations stimulated heavier offerings and losses of some 100 points occurred with final prices being the low points of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	107.80-07.90	107.50-07.80	107.70-05.50
Oct.	111.85-11.90	111.65-11.70	112.40-10.25
Dec.	115.35-15.35	115.10-15.15	115.90-15.00
March	121.70-21.75	121.65-21.85	122.75-20.50
May	124.55-24.60	124.55-24.60	125.25-23.50
Aug.	128.00-28.05	127.50-28.00	128.35
Oct.	131.25-31.50	131.50-31.75	—

Sales: 1,992 (1,407) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £171.0 (171.5) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 25: Daily price 8.37 (8.26); 15-day average 8.11 (8.08).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Sept. 109.50, 110.75, 111.00, 10; Nov. 113.50, 14.00, 114.50, 13.50, 40; Feb. 120.50, 21.00, 121.50, 21.25, 25, 32; April 123.50, 24.00, 124.25, 24.00, 30; July 128.00, 28.50, 129.00, 3; Sept. 131.00, 33.00, nil; Nov. 134.00, 37.00, nil. Sales 115.

WOOL FUTURES

SYDNEY GREASY—Close (in order: buyer, seller, business, sales. Micron Contract: July 385.5-386.0, 386.0-385.5, 8; Oct. 395.0-396.0, 395.0-395.0, 8; Dec. 396.5-398.0, 397.0-397.0, 11; March 402.5-404.0, 404.0-403.5, 3; May 406.5-407.9, 408.0-405.5, 8; July 409.0-413.0, 411.0-411.0, 2; Oct. 412.0-413.0, 413.0-412.0, 2; Dec. 414.0-419.0, 415.0-414.0, 4. *Total sales*, 48.

LONDON GREASY—Close (in order: buyer, seller only). July 218.0, 228.0; Oct. 218.0, 238.0; Dec. 218.0, 238.0; March/May/July/Oct./Dec. 228.0, 238.0. Sales, nil.

NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller only). July 187.0, 198.0; Oct. 189.0, 198.0; Dec. 191.0, 200.0; March 191.0, 200.0; May 192.0, 200.0; July 192.0, 200.0; Oct. 193.0, 202.0; Dec. 195.0, 203.0. Sales, nil.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 26 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (cs)	$1,560/80	+45	$1,500/20
Copper			
Cash w'bar	£897.5	+6.5	£926.75
3 mth	£913.25	+8.0	£938.25
Cash Cathode	£871.25	+6.25	£899.0
3 mth	£893.0	+7	£921.5
Gold troy oz.	$281.875	—1.5	$278.625
Lead cash	£605.0	+3.0	£586.25
3 mth	£571.5	+1.0	£515.0
Nickel	£3225.4	......	£2,728.75
Freemkt(cif)(lb)	270/300c	......	325/75c
Platin'm tr'y oz	£165	......	£171
Free mkt.	£201.6	—1.15	£218.55
Quicksilver	$300/32	......	$325/40
Silver troy oz.	403.60p	—4.5	425.5p
3 months	416.0p	—4.7	437.9p
Tin cash	£7,935	+70	£7,467.5
3 mths	£7,122.5	+37.5	£7,172.5
Tungsten	$141.61	......	$136.8
Wolfrm 22.04cif	$146/51	......	$141/48
Zinc cash	£346.25	—4.75	£373.25
3 months	£356.25	—4.75	£385.25
Producers	$845	......	$845
Oils			
Coconut (Phil)	$1,160	......	$1,095
Groundnut	‡	......	‡
Linseed Crude	£400	......	£378
Palm Malayan	$696p	—4.0	$652
Seeds			
Copra Philip	‡	......	$715
Soyabean (U.S.)	$351.75	—7.0	$308.85
Grains			
Barley Futures	£95.65	—0.2	£89.25
Maize			
French No 3 Am	£110.0	......	£111.1
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£104.0	—3.25	‡
Eng. Milling †	‡	......	£107.5
Other commodities			
Cocoa ship't	£1,701.5	+7.0	£1,792.5
Future Sept.	£1,596.5	+3.0	£1,707.5
Coffee Ft'r Sep	£2,049.5	—3.0	£1,529.5
Cotton A'index	77.65c	+0.9	74.15c
Rubber kilo §	63.25p	+0.25	65.50p
Sugar (Raw)	£101.0	......	£99
Wooltp's 64s kl	275p	......	280p

* Nominal. † New crop. ‡ Unquoted. *p* August. *r* July. *s* July-Aug. *t* June-July. *u* June. *w* Sept. *y* Nov. *z* Indicator. § Buyer.

COTTON

COTTON—Liverpool. Spot and shipment sales amounted to 74 tonnes, bringing the total for the week to 74 tonnes, reports F. W. Tattersalls. Few contracts of importance were mentioned and the turnover was on a small scale. Interest was mainly in African and South American growths.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 64.0 to 68.0, Eire hindquarters 82.0 to 84.0, forequarters 41.0 to 43.0. Veal: English fats 62.0 to 72.0, Dutch hinds and ends 90.0 to 102.0. Lamb: English small 68.0 to 78.0, medium 66.0 to 75.0. Imported frozen: NZ PL 51.0 to 51.5, NZ PM 50.0 to 51.0. Pork: English, under 100 lb 34.0 to 44.0, 100-120 lb 34.0 to 42.5, 120-160 lb 33.5 to 41.5.

MEAT COMMISSION—Average fatstock prices at representative markets on June 26. GB cattle 88.15p per kg l.w. (+0.44). UK sheep 170.9p per kg. est. d.c.w. (—4.9). GB pigs 57.7p per kg. l.w. (—1.1). England and Wales: Cattle numbers down 5.3 per cent. Average price 86.59p (—0.34). Sheep numbers up 10.2 per cent, average price 170.9p (—4.8). Pig numbers up 4.5 per cent, average price 57.2p (—1.3). Scotland: Cattle numbers down 16.9 per cent, average price 92.86p (+3.08). Sheep numbers up 96.0 per cent, average price 172.8p (—8.4). Pig numbers up 18.2 per cent, average price 60.9p (+0.4).

AMERICAN MARKETS

NEW YORK, June 25.

Cocoa—July 143.85 (144.15), Sept. 149.20 (149.50), Dec. 154.15, March 156.90, May 158.85, July 160.80, Sept. 162.75.

Coffee—"C" Contract: July 203.38 (199.11), Sept. 208.98 (205.34), Dec. 205.90, March 204.88, May 204.00, July 200.75, Sept. 199.25.

Cotton—No. 2: July 68.75-67.00 (67.78), Oct. 67.30-67.40 (68.51), Dec. 65.90-66.10, March 66.35-66.41, May 67.10-67.30, July 68.10, Oct. 67.50-68.00, Dec. 67.50-68.00.

Copper—June 85.50 (87.05), July 85.50 (87.05), Aug. 85.65, Sept. 85.75, Dec. 86.25, Jan. 86.40, March 86.70, May 86.85, July 87.00, Sept. 87.10, Dec. 87.25, Jan. 87.30, March 87.35.

*Gold—June 284.00 (282.20), July 284.40 (282.40), Aug. 286.50, Oct. 291.50, Dec. 296.50, Feb. 301.20, April 305.90, June 310.60, Aug. 315.20, Oct. 319.80, Dec. 324.30, Feb. 328.80, April 333.30.

Orange Juice—July 87.10 (86.80), Sept. 95.50 (94.80), Nov. 94.10, Jan. 93.30, March 94.40, May 95.20, July 95.90, Sept. 95.40, Nov. 96.70.

Potatoes (round whites)—Nov. 66.5 (66.0), March 80.0 (79.8), April nil, May 102.5.

¶Silver—June 869.5 (872.0), July 870.5 (873.0), Aug. 878.3, Sept. 886.0, Dec. 905.8, Jan. 911.5, March 922.9, May 934.3, July 945.7, Sept. 957.1, Dec. 974.9, Jan. 980.7, March 991.9. Handy and Harman bullion spot 870.20 (876.00).

Sugar—No. 11: July 8.35 (8.43), Sept. 8.82 (8.79), Oct. 9.19, Jan. 9.66, March 10.12, May 10.28, July 10.41, Sept. 10.65, Oct. 10.73.

Tin—Spot 717.00 to 730.00 asked (715.00 to 740.00).

CHICAGO, June 25

Lard—Chicago loose 26.75 (same). New York prime steam 28.25 (nom.).

Live Hogs—July 39.92-39.95 (39.40-39.92), Aug. 36.55-36.62 (35.82-36.57), Oct. 34.50, Dec. 38.60-38.50, Feb. 40.00-39.90, April 40.20-40.15, June 44.60, July 44.60 bid.

‡‡*Maize — July* 311½-312 (317½), Sept. 313½-313 (320¼), Dec. 318¾-318½, March 326-326½, May 330-330½, July 330-331.

Pork Bellies—July 39.00-38.00 (38.65-38.95), Aug. 36.80-36.45 (36.27-36.52), Feb. 45.70 asked-45.50, March 45.70 asked-45.55, May 46.55 asked, July 47.42 asked, Aug. 46.42 asked.

Plywood—July 200.1 (201.0), Sept. 203.2 (203.7), Nov. 199.3, Jan. 200.9, March 202.4, May 201.5, July 202.2 asked, Sept. 202.2, Nov. 202.0 bid.

Silver—June 880.0 (884.3), July 879.0, (883.3), August 884.0-884.1, Oct. 895.0, Dec. 907.0-906.0, Feb. 917.0, April 928.0, July 939.5, August 951.0, Oct. 961.5, Dec. 973.0, Feb. 984.5, April 996.6, June 100.85, Aug. 102.05, Oct. 103.25, Dec. 104.45, Feb. 105.70, April 107.00.

‡Soyabeans—July 836-837 (858), Aug. 842-840 (859½), Sept. 825-826, Nov. 812-813½, Jan. 822-823, March 832-831½, May 834-834½, July 834½.

‖Soyabean Meal—July 228.50-230.50 (234.30), Aug. 229.50-229.00 (233.70), Sept. 227.50-227.00, Oct. 224.00-223.50, Dec. 224.00-223.50, Jan. 225.00-225.50, March 227.00, May 227.50-228.00 B/A, July 226.50-226.00.

Soyabean Oil—July 28.65-28.60 (29.16), Aug. 28.70-28.60 (29.17), Sept. 28.55-28.50, Oct. 28.50-28.40, Dec. 28.40-28.30, Jan. 28.30, March 28.40-28.35, May 28.35-28.40, July 28.30-28.25, Aug. 28.20-28.25 B/A.

‡Wheat—July 467-468 (483¾), Sept. 477-475½ (489½), Dec. 491-492, March 501, May 497, July 458.

WINNIPEG, June 26 §Rye—July 158.50 bid (153.50 bid), Oct. 156.50 bid (151.50 bid), Dec. 152.50, May 150.50 bid.

§Barley—July 107.80 bid (108.70-109.00), Oct. 105.90 bid (107.00), Dec. 105.70-106.00, March 107.00, May 108.80 bid.

bid), Oct. 102.50 asked (103.40 bid), Dec. 101.50 asked, March 102.30 asked, May 102.20 bid.

§Flaxseed—364.00 bid (365.50 asked), Oct. 353.00 bid (354.50 asked), Nov. 339.00 bid, Dec. 335.50, May 343.20 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 245.55 (244.55).

Live Cattle—Aug. 66.90-66.35 (65.50-66.87), Oct. 66.10 (64.60-66.10), Dec. 68.75-68.37, Jan. 69.75 bid, Feb. 70.50-70.60, April 71.75-71.80, June 73.40 bid, Aug. 71.90 asked, Oct. 71.40 asked, Dec. 72.60.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 26.

Maize—U.S. No. Three Corn Yellow April $160, June $160, July $157.50, Aug. $157.50, Sept. $158.50, Oct./Dec. $159.75, Jan./March $165.75.

PARIS, June 26.

Cocoa (FFr per 100 kilos) July 1,440-1,460 b/a, Sept. 1,480-1,483 b/a, Dec. 1,513-1,520 b/a, March 1,520-1,540 b/a, May 1,525-1,550 b/a, July 1,530 bid. Sales at call, nil.

Sugar (FFr per 100 kilos) Aug. 872-973 b/a, Oct. 1,030-1,031 b/a, Nov. 1,025-1,035 b/a, Dec. 1,052-1,079 b/a, March 1,116-1,125 b/a, May 1,128-1,140 b/a, July 1,150-1,170 b/a, Aug. 1,165-1,185 b/a. Sales at call, 13.

INDICES

FINANCIAL TIMES

June 26	June 22	M'nth ago	Year ago
300.96	304.31	279.60	246.44

(Base: July 1, 1952=100)

MOODY'S

June 26	June 22	M'nth ago	Year ago
1109.3	1118.2	1060.1	923.4

(December 31, 1931=100)

DOW JONES

Dow Jones	June 25	June 22	Month ago	Year ago
Spot	436.82	428.99	390.51	365.65
F'tur's	438.81	440.31	396.26	350.38

(Average 1924-25-26=100)

REUTERS

June 26	June 25	M'nth ago	Year ago
1637.0	1637.5	1579.3	1496.2

(Base: September 18, 1931=100)

COVENT GARDEN (prices in sterling per package, except where otherwise stated)—Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cypriot: 5.00-6.00; S. African: Navels 4.60-6.30; Brazilian: 5.40-5.80. Lemons—Italian: 100/120s 5.50-6.00; Spania: trays 30/40/45 2.40-2.80; S. African: 4.80-6.20. Grapefruit—S. African: 32/64 3.60-5.10; Jaffa: 4.80-5.00. Apples—S. African: Granny Smith 7.30-7.40. White Winter Pearmain 4.50-4.70. Yorks 5.80-6.50, Starking 5.00-6.30.

English Produce: Potatoes—New crop *per pound* 0.08, *old crop per 25 kg* 2.80. Lettuces—per 12 round 1.00-1.30, Cos 1.20-1.40. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley 0.04-0.09. Rhubarb—per pound outdoor 0.03-0.04. Tomatoes—per 12 pound 2.00-2.10. Cucumbers—tray 8/18s 1.60-2.40, prepack 2.40-2.60. Cauliflowers—12s Kent 3.50, Lincoln 2.00-2.50. Spring greens—per crate Kent 1.50, Primo 2.00. Asparagus—per pound 0.70-1.00. Celery—boxes 12/30s 4.80-5.00. Strawberries—per ½ lb 0.35-0.40. Gooseberries—per pound 0.15-0.20. Peas—per pound 0.15-0.17. Broad beans—per pound 0.12-0.14. Cherries—per pound 0.35-0.45.

*

GRIMSBY FISH—Supply good and demand good. Prices per stone at ship's side (unprocessed): Shelf cod £4.00-£4.50, *codlings* £2.70-£3.20; large haddock £4.50-£5.30, medium £4.20-£5.40, small £3.40-£4.80; large plaice £4.00-£4.70, medium £3.80-£5.20, best small £3.80-£4.70; skinned dogfish large £11.00, medium £8.00; lemon *soles* £6.00-£7.00; saithe £1.90-£2.40.

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

Property Growth 11¼%
Vanbrugh Guaranteed 12¼%
Address shown under Insurance and Property Bond Table.

Small technical rally in Gilt-edged and leading shares contrasts with dull undertone elsewhere in markets

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 7

* "New time" dealings may take place from 9.30 am two business days earlier.

The current lack of investment incentive was still apparent in Stock Markets yesterday with fund managers continuing to play a waiting game in view of the uncertain UK economic outlook. However, early covering of short positions generated small public inquiries for leading shares in a market which appeared initially to be oversold and prices responded fairly quickly.

Government stocks shared in the technical recovery despite the late-morning reaction in the sterling exchange rate and held initial gains extending to ¾ to the close. The volume of business, however, was only slightly up on the recent low level and the rally owed a good deal to market technicalities.

Awaiting the outcome of the current OPEC meeting, Oils continued in vogue with **British Petroleum** spear-heading the advance to nearly £13 before easing later. Any increase in world crude prices would boost revenues of North Sea producers and interested parties, while the official request to reduce exports from this source could help to ease the oil problem facing British industry.

Activity in situation stocks relieved the generally torpid scene but features resulting from trading announcements were few. **BAT Industries'** interim profits were deemed slightly disappointing but the increased dividend payments stimulated interest and brought rises of around 7p in both classes of Ordinary shares.

Charting the day's events in the leaders, the FT 30-share index was virtually unchanged at the first calculation, 2.6 higher at 11 am and finally 1.8 up on balance at 475.2. The overall scene, however, was reflected in falls maintaining their advantage, by six-to-four, over rises in all FT-quoted industrials.

British Funds disregarded the less buoyant pound and the appearance of a few investment buyers soon ensured an extension of opening gains. Business at the shorter end of the market was described as largely technical but sufficient to bring closing gains of ½, while a smaller but more genuine trade among the longs helped to stimulate recoveries ranging to ¾; the long tap, Treasury 12¼ per cent "A" 1999, regained that much to £14¾ in £15-paid form.

The late-morning reaction in the pound stabilised the investment currency market and rates recovered from a low of 32 per cent to close only marginally lower on balance at 34 per cent. Business on the whole was again light. Yesterday's SE conversion factor was 0.9051 (0.8924).

Reflecting the current strength of the Oil share market, a good Traded Options business developed for **BP** which recorded 152 contracts, and for Shell with 68. Also contributing prominently to a total of 573 deals were **RTZ**, 140, **Consolidated Gold Fields**, 54, and **Imperial**, 63.

Banks subdued

The major clearing Banks failed to shake off recent lethargy and prices rarely strayed from overnight levels. Merchants, however, tended easier with **Kleinwort Benson** easing 4 to 130p and **Guiness Peat** 3 to 98p. **Hambros** lost 4 to 296p and **Hill Samuel** cheapened a penny to 104p. **FNFC**, at 6½p, were unmoved by the interim figures. Among Hire Purchases, **Lloyds and Scottish** relinquished 3 to 109p.

Insurances passed an uneventful session and displayed no set trend. Gains of a penny were marked against **Legal and General**, 164p, and **Commercial Union**, 140p, but **Eagle Star** eased that much to 150p.

Buildings encountered a small scrappy business. **UBM** reacted 5½ to 67p on the rights issue proposal, while lack of support left **Brown and Jackson** 15 cheaper at 260p. **Countryside** touched 84p before settling at 81p, 2 cheaper on balance following the interim figures and, despite the chairman's confident remarks about current trading, **Allied Plant** eased 2 to 31p. News of contracts worth £5.3m failed to stimulate interest in **Fairclough Construction** which held at 66p. **A. Monk** came on offer and dipped to 52p before a partial rally left the price 2 down at 54p. On the other hand, **Royco**, ex the capital repayment of 20p, found support and firmed 3 to 45p.

Among Chemicals, occasional interest was shown in **Carless Capel** which firmed 2 to 46p, but scattered selling clipped 2½ from **James Halstead** to 46p. Still benefiting from a Press mention, **Laporte** added a penny more to 127p. Trade in **ICI** contracted further, but the shares hardened a penny to 353p.

Burton firm

Another quiet day's business in the Stores market left the leaders hovering around the previous day's closing levels. **Burton "A"** provided a notable exception, adding 6 to 242p, while **Mothercare** improved a couple of pence to 178p. Increased interim profits had no apparent effect on **Greenfields Leisure**, which ended unchanged at 79p. **Henderson-Kenton** eased back 2 to 99p; the annual results are expected next Tuesday. Rises of 2 were seen in **Owen Owen**, 118p, and **Austin Reed "A,"** 142p, but **Vantona** gave up 2½ to 118p. In Shoes, **Stylo** hardened 3 to 140p.

GEC failed to hold an early improvement and closed only a penny dearer at 354p, after 359p, while **Racal** followed a similar trend, ending unaltered at 467p, after 475p. **Plessey** hardened a penny to 103p awaiting tomorrow's preliminary results. Among secondary issues in the Electrical sector, **Electronic Rentals** found support at 192p, up 5, while **Decca "A"** picked up 4 to 277p. On the other hand, **MK** eased 5 to 236p in front of the annual results, due today.

With the exception of **Tubes**, which eased 4 further to 356p, Engineering leaders closed on a slightly firmer note. Secondary issues presented a mixed appearance. Fresh scattered offerings left **Baker Perkins** down 6 further at 148p, while falls of around 5 were marked against **Ransomes Sims**, 165p, and **British Aluminium**, 218p. In contrast, **Adwest** hardened 2 to 358p on news that Racal had increased its stake in the company to 11.2 per cent. Revived demand prompted a gain of 2½ to 51½p in **Westland**, while occasional support lifted **Simon Engineering** 4 to 278p.

Leading Foods failed to maintain early firmness and closed without much change on balance. Elsewhere, a withdrawal of recent speculative support on fading bid hopes left **Cartiers** 7 cheaper at 123p, after 120p, and lack of interest left **Morgan Edwards** with a similar fall at 91p. On the other hand, renewed demand in a restricted market lifted **Somportex** 8 for a two-day gain of 13 to 95p, while **Avana** improved a penny to 102p following the annual results.

Small interest was being shown in leading Hotels and Caterers. **Grand Metropolitan** and **Trust Houses Forte** improved 2 apiece to 134p and 160p respectively, while **Ladbroke** added 3 to 208p.

Stonehill up late

Quiet conditions persisted in the miscellaneous Industrial leaders and movements rarely exceeded a few pence either way. Elsewhere, **Stonehill Holdings** featured late with a jump of 10 to 158p on the proposed one-for-seven bonus issue in 10½ per cent Preference shares. Still reflecting the company's North Sea oil interests, **Cawoods** advanced afresh to 228p before reacting on profit-taking to close 3 higher on balance at 218p. **LCP** responded to the good results and proposed one-for-two scrip issue with a rise of 5 to 118p, while **Giltspur**, up 3 at 86p, also reflected satisfactory annual results. **Holt Lloyd** new shares were in demand and put on 7½ to 37p premium, with the old 8 to the good at 191p. **Gestetner "A,"** however, encountered fresh selling and gave up 5 to 112p, while **Davies and Newman** also remained on offer at 130p, down 4. Still reflecting favourable trading statements, **Elliott Peterborough** firmed 2 more to 30p and **Renwick Group** 3 further to 53p. **Caravans International** met sporadic support and put on 4½ to 77p, while demand in a limited market left **Manchester Ship Canal** 8 to the good at 300p. Dealings were resumed in **Central Manufacturing Trading** at 76p compared with the suspension price of 75p; the company announced yesterday that recent merger talks had proved abortive but that Hanson Trust, not involved in the talks, had acquired a stake of 11.4 per cent in CMT.

Trident TV A put on 2½ to 60p in response to the interim results. Elsewhere among Leisure issues, scattered selling left **Horizon Midlands** 7 cheaper at 195p and **Barr and Wallace Arnold Trust A** 5 off at 115p. **Coral** however, improved 2 to 116p.

Motors and kindred issues remained subdued, although selected Distributors closed a shade firmer in the presence of a few small buyers. **Lex Service** added 3 to 90p, while **Harold Perry** put on 4 at 137p. **Appleyard** edged forward to 88p, and **Kennings** hardened slightly following favourable Press comment following Monday's mid-term statement. Following news that merger talks had broken down, dealings were resumed in **Heron Motor**, suspended at 56p on Friday, after opening at 54p, the shares fell steadily to finish at 46p. Elsewhere, **Dowty** attracted support and rose 6 to 316p, but other Components fell back from early firm positions to close around the overnight levels.

Quietly dull conditions persisted in Properties with **Great Portland Estates** and **Stock Conversion** easing 6 apiece to 294p and 350p respectively. **Percy Bilton** remained on offer and shed 4 for a two-day fall of 12 to 220p and **McInerney** gave up 2 to 25p, the latter on consideration of the annual figures. **Property Holding and Investment** held at 365p following the results and capitalisation proposals and **Evans of Leeds**, despite the increased annual revenue, were also unmoved, at 104p.

Oils active

Oil shares attracted another active trade, but apart from **British Petroleum**, which forged ahead further to nearly 1300p before settling at 1285p for a rise of 21, the final tendency was to lower levels. **Tricentrol** closed 6 cheaper at 248p, after touching 258p, while **Ultramar** finished a similar amount lower at 320p, after 330p. Elsewhere among the more speculative North Sea issues, **Lasmo** ended 8 off at 256p.

In Overseas Traders, **Sime Darby** hardened a penny to 80p following the disclosure that the company may bid for the 27 per cent of **China Engineers** it does not already own; the shares of the latter, dealt in under Special Rule, were called 7 up at 32p.

Press comment suggesting that Euro Ferries are unlikely to intervene in the KCA/Eurocanadian dispute with **Furness Withy** prompted a reaction of 12 to 290p in the last-mentioned. **Euro Ferries**, however, rallied 7 to 142p. Elsewhere in Shippings, **Lofs** were supported at 56p, up 3½.

Following the first half loss and the absence of a dividend, **Bond Street Fabrics** fell 5 to 35p. Other Textiles traded quietly.

Interim results from **Bats** pleased the market, the 20 per cent dividend increase helping both issues rise 7, the Ordinary to 275p and the A to 252p.

A depressed market of late on investment dollar influences, Plantations rallied slightly as small buyers entered. **Plantation Holdings** were particularly good, rising 5 to 109p, after 110p, while **Castlefield** added a like amount to 305p and **Bertams** closed 3 better at 170p.

Golds decline

South African Golds fell away in line with the bullion price and the early reaction in the investment currency premium, but business was at a low level; this was partly explained by the absence of dealers believed to have been celebrating the 60th birthday of former leading gold share jobber, Mr. Arthur Gardner, now of Akroyd and Smithers.

Among the heavyweights, losses of a half-point or more were common to **West Driefontein**, £25½, **Randfontein**, £26¾, **Hartebeest**, £17, and **Vaal Reefs**, £17½.

In the medium- and lower-priced stocks **East Driefontein** dropped 44 to 725p, **Buffels** 37 to 751p, and **Southvaal** 21 to 578p.

South African Financials moved similarly to Golds. **De Beers** fell 8 to 384p and **Anglo American** 6 to 366p but **"Amcoal"** attracted modest Cape support which left the shares 10 higher at 810p. London issues drifted easier owing to lack of interest.

A downturn in the free market platinum price prompted persistent selling of platinums where losses of around 8 were seen in **Impala**, 182p and **Rustenburg**, 132p.

Australians continued to lose ground reflecting the initially lower premium and a fall in overnight Sydney and Melbourne markets.

Exceptions, however, were the Rundle oil-shale partners which rose afresh on continuing rumours that a U.S. company may provide finance to develop the large oil-shale deposits. **Central Pacific** climbed 30 to 800p and **Southern Pacific** 10 to 300p.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30

For rate indications see end of Share Information Service

Money was given for the call in Premier Oil, MFI, Burmah, Ladbroke, J. E. Sanger, Furness Withy, Thomas Tilling, Lofs, Record Ridgway and Marshalls Universal. A put was arranged in Ladbroke Warrants, while doubles were done in Premier Oil, Ultramar, British Land and Shell.

FINANCIAL TIMES STOCK INDICES

—	June 26	June 25	June 22	June 21	June 20	June 19	A year ago
Government Secs.	70.58	70.35	70.60	70.76	70.88	70.86	69.95
Fixed Interest	72.27	72.28	72.53	72.61	72.61	72.74	71.25
Industrial	475.2	475.4	476.0	474.9	485.1	486.6	456.3
Gold Mines	178.4	185.0	185.4	186.8	189.2	183.9	157.6
Gold Mines (Ex-$ pm)	161.5	165.1	163.0	161.5	164.5	161.9	106.3
Ord. Div. Yield	5.90	5.93	5.94	5.97	5.87	6.07	5.81
Earnings, Yld. % (full)	16.07	16.15	16.18	16.28	16.01	15.98	17.63
P/E Ratio (net) (*)	7.93	7.89	7.88	7.85	7.97	7.99	7.54
Total bargains	15,421	14,936	14,420	14,147	14,770	15,461	—
Equity turnover £m	—	60.11	58.63	83.85	65.83	58.83	57,367
Equity bargains total	—	11,197	10,593	11,871	10,848	10,852	13,155

10 am 473.5. 11 am 476.0. Noon 475.2. 1 pm 475.1. 2 pm 474.7. 3 pm 474.7.

Latest Index 01-246 8026.

* Nil = 7.62.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.54 (6/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	[illegible] (5/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (5/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	June 26	June 25
—Daily		
Gilt Edged	116.9	111.3
Industrials	128.7	114.8
Speculative	28.1	27.8
Totals	85.7	79.5
5-d'y Av'r'ge		
Gilt Edged	107.9	109.8
Industrials	117.8	117.5
Speculative	24.7	25.7
Totals	78.0	77.1

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	24	1,285	+21	1,295	882
GEC	25p	9	354	+ 1	456	311
Grand Met. 'New'	Nil/pd.	9	7pm	+ 2	18pm	5pm
ICI	£1	9	353	+ 1	415	346
Ultramar	25p	9	320	− 6	328	210
Cons. Gold Fields	25p	8	220	− 2	268	178
Shell Trans. 'New'	25p	8	382	− 4	398	356
BATs Defd.	25p	7	252	+ 7	337	242
Beecham	25p	7	530	+ 3	755	522
Burmah Oil	£1	7	133	− 2	135	82
EMI	50p	7	99	+ 2	144	94
LASMO	25p	7	256	− 8	264	124
Tricentrol	25p	7	248	− 6	254	148
Marks & Spencer	25p	6	111	—	134	83
Rank Org.	25p	6	216	—	300	212

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (13)

CHEMICALS (1)
Carless Capel
STORES (1)
Michael (J.)
ENGINEERING (1)
Downiebrae
FOODS (1)
Somportex
INDUSTRIALS (3)
Elliott Group
Caravans Intl.
Cawoods
PAPER (1)
Melody Mills
SHIPPING (1)
Lon. & O'Seas Frghtrs.
OILS (4)
BP
Gas & Oil Acreage
Clyde Petroleum
Viking Oil

NEW LOWS (127)

AMERICANS (43)
CANADIANS (2)
BANKS (4)
BUILDINGS (1)
CHEMICALS (4)
ELECTRICALS (2)
ENGINEERING (9)
FOODS (1)
INDUSTRIALS (14)
INSURANCE (5)
MOTORS (2)
PAPER AND PRINTING (3)
PROPERTY (2)
TEXTILES (6)
TRUSTS (17)
OILS (1)
OVERSEAS TRADERS (1)
MINES (10)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	71	3	1[illegible]
Corpns. Dom. and Foreign Bonds	7	6	[illegible]
Industrials	204	295	81[illegible]
Financial and Prop.	45	131	32[illegible]
Oils	13	13	1[illegible]
Plantation	7	2	2[illegible]
Mines	8	93	4[illegible]
Others	70	100	3[illegible]
Totals	365	643	1,42[illegible]

APPOINTMENTS

EMI group management changes

Further changes have been made in EMI group management under the new group chief executive **Lord Delfont**, who is 70 this year.

Mr. Robert Upsdell (45) has been appointed chairman and chief executive of EMI LEISURE, the company heading all EMI's leisure operations. He takes over the chairmanship of that concern from Lord Delfont. Mr. Upsdell, a divisional director of EMI, has been managing director of EMI Leisure since November 1977. Lord Delfont remains on the Board of EMI Leisure and **Mr. Roger Brooke** (48), newly appointed group managing director of EMI, has also joined the Leisure Board.

Mr. Barry Spikings (39) has been made chairman and chief executive of the EMI FILM AND THEATRE CORPORATION, the holding company for all EMI's entertainment operations. **Mr. R. A. Webster** (46) is in the newly-created post of managing director. Mr. Spikings retains his responsibilities as chief executive of EMI Films and becomes chairman of that company. He also succeeds Lord Delfont as chairman of EMI Cinemas and of EMI Elstree Studios. In addition, Mr. Spikings joins the Board of EMI Television Programs Inc., the Los Angeles-based production company.

Mr. Webster retains responsibilities as managing director of EMI Cinemas and continues as a director of EMI Films, EMI Elstree Studios, and Columbia/EMI/Warner.

Mr. Richard Mills (48), chief executive of the Bernard Delfont Organisation, EMI's live theatre business, has become chairman of that company, replacing Lord Delfont.

"It is my intention to remain on the Boards of the companies which I have helped to build up over the years," Lord Delfont said. "Mr. Roger Brooke will also join these Boards so that we are both readily available to their respective operating managements."

Mr. Robert Upsdell

Mr. Barry Spikings

★

Mr. Leslie Hempel, **Mr. Charles Mitchell**, **Mr. Duncan Mount**, **Mr. Mark Phythian-Adams** and **Mr. Alexander Reid** have been appointed to the Board of SAMUEL MONTAGU AND CO. from July 1.

★

Mr. Samuel Berg has been appointed a director of AMBER DAY HOLDINGS. He is managing director of Maressa Lingerie.

★

ESSO CHEMICAL has appointed **Mr. Roger H. Anderton** as marketing manager Chemical Intermediates, and of **Mr. Bruce Norman** as manufacturing manager Paramins, from July 1. Mr. Anderton joined the company in 1970 and has held a number of appointments in Solvents Division. He is at present market support manager, Solvents, and he replaces **Dr. David J. Sears**, who has become marketing planner for Higher Olefins in Essochem Europe Inc., in Brussels. Mr. Norman, who is Olefins Operations Co-ordinator in Essochem Europe Inc., joined Esso Chemical in 1969. He succeeds **Mr. Michael F. B. Seale** who has been made operations and planning manager Agricultural Chemicals in Essochem Europe Inc.

★

Mr. J. G. Charles White, senior partner of Baillie Gifford and Co., has been appointed an additional director of EQUITY INCOME TRUST and its subsidiary, E. I. Finance.

★

Mr. Mark Snowdon, formerly director, business and product planning, AUSTIN MORRIS, has been appointed to the newly-created post of director, product development. He will report for both product planning and engineering directly to **Mr. Ray Horrocks**, chairman and managing director. **Mr. Ray Bates**, director, product engineering, continues in that position as a main Board director. Replacing Mr. Snowdon as director, business and product planning is **Mr. David Hodkin**, who will join the company in July. Mr. Hodkin has held senior engineering and products planning posts in the former Rootes Group, Ford Motor, and Perkins Engines. **Mr. Mike Burnett** remains manager, engineering planning and administration.

★

Mr. George Lorenz has been elected to the Board of ZAPATA CORPORATION. He was at one time associated with Shell Oil Company and Royal Dutch/Shell.

★

Mr. W. D. Church has been appointed managing director of LEE STEEL WIRE, a subsidiary of Arthur Lee and Sons.

★

Commander H. J. Pinnock has been appointed director of the CEMENT MAKERS' FEDERATION from July 1, on the retirement of **Rear Admiral C. K. T. Wheen**.

★

Dr. Dennis Oliver, a director of Pilkington, has been appointed president of the EUROPEAN INDUSTRIAL RESEARCH MANAGEMENT ASSOCIATION. Dr. Oliver is chairman of the Pilkington Optical Division and head of the Pilkington group technical function. He succeeds **Professor Umberto Colombo**, now president of the Italian Atomic Energy Commission.

★

Mr. Andrew Barrett has been appointed to the Board of THOMAS COOK LIMITED as marketing director.

★

Mr. Don Whitehead has been appointed sales director of CONSTANTINE-LLOYD.

★

Mr. David Wilkie has been appointed a director and general manager of CHAMPION SPARKING PLUG. **Mr. Terry Harrison**, company secretary, has also joined the Board, as has **Mr. James Schwyn**, who is director of manufacturing, Champion Europe. **Mr. Alan Barker** has become a member of the Board of Champion Sparking Plug Co. (Ireland). Mr. Wilkie was formerly director of finance and administration.

★

Mr. S. J. C. Dick is to become senior manager of BROWN SHIPLEY AND CO. from July 1. **Mr. R. J. Clapham** will be deputy manager with powers of procuration—from that date.

★

Mr. P. A. S. Grindrod, **Mr. P. T. Jennings**, **Mr. J. H. Macaskill** and **Mr. R. Slater**, who have been associated with SLAUGHTER AND MAY for some time, are to become partners in the firm from July 1.

★

Mr. Nigel Kermode has been appointed chief executive partner of BERNDTSON INTERNATIONAL. A British national, he has been with the partnership for 11 years and is based in the Geneva office.

★

Mr. H. M. Jackson, formerly a regional director of Grindlays Bank, has joined HUDSON SHRIBMAN INTERNATIONAL as head of the banking division.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1000	288	1	306	—	—	—	1273p
BP	1100	188	7	206	2	276	—	"
BP	1200	88	22	130	18	200	—	"
BP	1300	27	98	80	1	145	3	"
Cons. Gold	220	13	10	24	—	29	7	222p
Cons. Gold	240	3½	16	13	9	18	11	"
Courtaulds	100	2	—	6½	4	8	—	93p
GEC	330	35	3	51	—	67	—	355p
GEC	360	14	1	31	—	48	4	"
GEC	390	4	2	17	—	32	—	"
GEC	420	1	7	11	—	23	—	"
GEC	460	½	12	5	—	14	—	"
Grand Met.	128	10	20	17	20	23	—	134p
Marks & Sp.	110	7	10	12	—	18	—	111p
Marks & Sp.	130	½	—	3½	8	10	—	"
Shell	325	64	1	69	—	—	—	381p
Shell	350	39	3	52	—	62	1	"
Shell	375	21	42	35	—	51	—	"
Shell	400	10	15	22	6	42	—	"
Totals			270		68		27	
		August		November		February		
BOC Intl.	80	5	—	5	—	8	4	75p
EMI	100	10	—	15	—	20	1	98p
Imperial Gp.	90	6	10	10	—	13½	—	99p
Imperial Gp.	100	2	10	5	43	8½	—	"
RTZ	250	27	7	—	—	—	—	274p
RTZ	280	17	10	29	—	39	—	"
RTZ	300	9	—	22	1	29	3	"
RTZ	330	3	60	12	41	20	—	"
RTZ	360	1	—	7	18	—	—	"
Total			97		103		8	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	82	−½	2.46	2.8	3.0	17.6
‡115	F.P.	—	207	187½	††Baker (John)	203	−2	12.0	—	8.8	—
‡‡	F.P.	22/6	53	51	Fulcrum Inv. Income	51½	−½	4.0	—	11.6	—
‡‡	F.P.	22/6	4½	3	Do. Capital 2½p	4		—	—	—	—
‡	F.P.	—	57½	56	Rock Darham	59	+1	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
20p	F.P.	11/5	21¼p	16½p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	16½p	......
100	F.P.	27/7	110½	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	110	......
100	Nil	26/6	2pm	½pm	Marsh'll's Univ'rs'l 7¾% Cnv. Cum. Red. Prf.	½pm	......
100	£10	30/8	12	10	Portsmouth Water 8% Red. Prf. 1984	11	......
100	F.P.	11/5	118½	105	Slough Ests. 8% Cnv. 1991-94	107	......
98	£25	23/8	25⅛	22½	York Water 12% Deb 1986	23	......

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ☐	1979 High	1979 Low	Stock	Closing price p	+ or −
35	Nil	—	—	4pm	1pm	Causton Sir (J.)	1pm	−1½
22½	Nil	—	—	6pm	3½pm	Combined English Stores	2½pm	−½
55	F.P.	8/6	6/7	51	40	Edwards (Louis C.)	44	
100	Nil	—	—	38pm	33pm	Geevor Tin	36pm	−3
126	Nil	29/6	10/8	16pm	5pm	Grand Metropolitan	7pm	+2
12	F.P.	1/6	29/6	15½	9	Hampton Trust	14	−½
155	Nil	—	—	37pm	27½pm	Holt Lloyd Intl	37pm	+7½
110	Nil	5/7	7/9	3pm	1pm	Intl. Timber	1pm	−1½
154	F.P.	22/6	27/7	171	157	MEPC	161	+2
105	Nil	—	—	5pm	1pm	McCorquodale	5pm	
85	F.P.	—	—	121	101½	P.M.A. Holdings	116	−1
210	Nil	22/6	20/7	60pm	40pm	Peterson Tennant	40pm	
20	F.P.	—	—	43½	29	Provincial Laundries	39	
118	F.P.	1/6	29/6	126	100	Pullman (R. & J.)	104	
60	Nil	29/6	20/7	25pm	21pm	Scotcros	23pm	
115	F.P.	11/6	2/7	136	122	Scot. Met. Prop	122	−1
265	F.P.	15/6	27/7	295	270	Simon Engineering	278	+2
150	F.P.	15/6	13/7	156	142	Smurfit (Jefferson)	149	+1
455	F.P.	4/6	6/7	507	470	Standard Chartered Bank	477	
138	F.P.	18/6	9/7	145	131	Tilling (Thomas)	131	−1
175	F.P.	23/5	4/7	254	210	Tricentrol	252	−2
95	F.P.	7/6	13/7	105¾	93	UDS	94	−1
87	Nil	—	—	13½pm	7pm	W.G.I.	11pm	+2
20	F.P.	19/6	13/7	25½	18	Weeks Associates	18	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., June 26, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., June 25 Index No.	Fri., June 22 Index No.	Thurs., June 21 Index No.	Wed., June 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	241.96	+0.1	17.55	5.51	7.46	241.73	243.17	244.08	247.89	206.8
2	Building Materials (27)	222.78	+0.1	17.98	5.62	7.42	222.61	225.32	226.51	230.12	184.9
3	Contracting, Construction (28)	358.14	−0.4	25.04	5.81	5.03	359.64	360.92	362.84	365.61	332.7
4	Electricals (14)	574.52	+0.2	13.43	3.23	10.26	573.28	576.01	576.03	590.64	437.9
5	Engineering Contractors (12)	362.80	+0.4	20.02	6.34	6.40	360.56	360.51	365.42	368.33	306.1
6	Mechanical Engineering (75)	184.14	+0.1	17.94	6.08	7.28	184.01	184.95	186.66	188.21	166.9
8	Metals and Metal Forming (16)	167.54	+0.1	19.27	8.95	6.51	167.37	168.26	168.25	169.98	159.5
	CONSUMER GOODS										
11	(DURABLE) (52)	230.53	+0.1	15.13	4.80	8.71	230.19	231.56	231.63	233.89	190.8
12	Lt. Electronics, Radio, TV (16)	314.48	+0.2	11.90	3.59	11.79	313.94	315.80	315.10	317.77	224.2
13	Household Goods (12)	159.99	+0.1	17.47	7.81	7.67	159.88	161.46	161.94	162.66	171.6
14	Motors and Distributors (24)	118.09	+0.1	21.84	7.82	5.60	117.96	118.55	119.18	120.83	121.0
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	234.06	+0.4	16.16	5.57	7.85	233.09	234.67	235.40	238.48	194.3
22	Breweries (14)	270.75	+0.3	15.04	5.46	7.56	270.00	270.43	270.79	275.02	219.6
23	Wines and Spirits (6)	300.80	+0.1	15.62	4.80	9.33	300.40	300.40	302.41	305.72	246.9
24	Entertainment, Catering (17)	306.66	+1.3	16.22	6.57	8.12	302.74	303.69	302.34	318.07	244.3
25	Food Manufacturing (19)	214.80	+0.5	18.37	5.09	6.76	213.79	214.46	215.69	218.05	190.6
26	Food Retailing (15)	295.20	+0.5	11.89	4.03	10.45	293.62	292.96	293.76	297.14	196.6
32	Newspapers, Publishing (12)	429.77	+0.3	21.74	6.08	6.53	428.45	429.68	431.54	433.99	357.3
33	Packaging and Paper (15)	128.48	−0.2	22.12	8.30	5.86	128.75	129.14	129.82	132.86	131.1
34	Stores (41)	235.84	+0.1	11.97	4.15	11.17	235.69	239.39	239.64	241.74	174.7
35	Textiles (23)	164.64	+0.3	21.86	9.18	5.86	164.15	164.94	165.38	168.52	170.6
36	Tobaccos (3)	239.70	+1.3	23.69	8.22	4.85	236.69	238.68	241.26	244.23	238.4
37	Toys and Games (6)	74.64	—	30.32	8.71	3.96	74.63	74.40	75.59	75.59	104.7
41	OTHER GROUPS (99)	202.12	+0.3	15.73	6.08	7.88	201.59	202.23	203.28	206.46	192.2
42	Chemicals (18)	285.71	+0.4	17.75	6.61	6.58	284.61	286.00	286.94	293.22	276.5
43	Pharmaceutical Products (7)	217.23	+0.3	12.65	5.03	9.84	216.62	216.50	217.38	220.93	250.8
44	Office Equipment (6)	118.84	−0.4	17.24	6.61	7.31	119.31	119.93	121.07	125.69	127.4
45	Shipping (10)	457.09	+0.8	10.18	6.56	13.14	453.52	458.74	460.11	464.88	412.5
46	Miscellaneous (58)	240.34	+0.2	16.15	5.52	8.06	239.93	240.33	242.04	243.61	197.6
49	INDUSTRIAL GROUP (494)	235.21	+0.3	16.32	5.62	7.81	234.55	235.88	236.71	240.04	203.3
51	Oils (6)	702.09	+0.4	11.23	2.99	9.46	699.54	678.80	666.89	654.39	480.4
59	500 SHARE INDEX	272.56	+0.3	15.36	5.12	8.08	271.75	271.47	271.38	273.58	226.2
61	FINANCIAL GROUP (115)	187.56	−0.3	—	5.40	—	188.04	189.30	188.98	192.56	156.9
62	Banks (6)	231.17	−0.5	28.81	5.02	4.48	232.33	230.73	231.58	236.04	177.1
63	Discount Houses (10)	252.98	+0.5	—	7.25	—	251.72	250.99	250.57	250.09	203.0
64	Hire Purchase (5)	162.30	−2.0	20.47	5.33	6.29	165.53	165.46	163.99	165.78	139.2
65	Insurance (Life) (10)	154.97	−0.2	—	6.56	—	155.23	157.45	156.38	161.13	128.8
66	Insurance (Composite) (8)	121.47	+0.5	—	7.43	—	120.91	123.70	122.95	126.86	121.5
67	Insurance Brokers (10)	261.48	−0.6	19.21	7.02	7.45	263.04	260.41	260.63	275.54	326.3
68	Merchant Banks (14)	96.15	−1.2	—	5.44	—	97.32	97.44	97.51	98.13	77.8
69	Property (42)	334.69	−0.3	3.16	2.62	48.40	335.78	337.72	336.08	339.18	225.1
70	Miscellaneous (10)	121.22	—	15.35	7.36	8.35	121.18	121.41	121.46	122.45	103.1
71	Investment Trusts (111)	210.02	−0.2	—	5.29	—	210.42	210.89	212.10	213.44	205.8
81	Mining Finance (4)	119.37	−0.8	16.73	6.31	7.26	120.37	123.15	126.44	129.47	96.2
91	Overseas Traders (20)	355.34	−0.2	15.58	6.95	8.15	356.02	355.50	356.81	359.45	301.1
99	ALL-SHARE INDEX (750)	248.46	+0.1	—	5.24	—	248.10	248.33	248.40	250.94	208.3

FIXED INTEREST PRICE INDICES

	British Government	Tues., June 26	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.79	+0.23	—	4.56
2	5-15 years	113.95	+0.38	—	5.81
3	Over 15 years	118.88	+0.38	—	7.30
4	Irredeemables	127.36	+0.43	—	7.24
5	All stocks	111.83	+0.32	—	5.87

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues., June 26	Mon., June 25	Year ago (approx.)
1	Low Coupons	5 years	10.58	10.65	8.9
2		15 years	11.17	11.22	11.1
3		25 years	11.78	11.74	11.8
4	Medium Coupons	5 years	12.40	12.48	11.6
5		15 years	12.72	12.77	12.3
6		25 years	12.72	12.77	12.4
7	High Coupons	5 years	12.66	12.78	11.8
8		15 years	13.06	13.11	12.8
9		25 years	13.06	13.11	13.0
10	Irredeemables		11.46	11.52	12.0

		Tues., June 26 Index No.	Tues., June 26 Yield %	Mon. June 25	Fri. June 22	Thurs. June 21	Wed. June 20	Tues. June 19	Mon. June 18	Fri. June 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.92	†13.04	56.92	56.96	56.96	57.00	58.31	58.34	58.42	57.2
16	Investment Trust Prefs. (15)	48.38	13.79	48.38	48.38	48.38	48.38	48.25	48.07	48.98	51.3
17	Coml. and Indl. Prefs. (20)	69.10	13.03	69.10	69.10	69.10	69.10	69.53	69.52	70.04	70.6

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund | US$7.77 | | —
Net asset value June 18.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg. Fd. | 12.10 | 12.11 | | 12.23

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) | 117.0 | 121.0 | | 8.26
Next dealing June 25.
Gov't Secs. Tst. | 92.0 | 95.5 | | 13.08
Next dealing July 2.
East &Intl.Tst.(CI) | 100 | 107 | | 3.50
Next dealing date June 28

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney
US$1 Shares | | $US1.48 | | —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income | 112.42 | 113.00 | | 8.19
Prices at June 21. Next sub. day June 27.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund | [illegible] | 60.46 | +0.29 | 8.09

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74606
Barb. Int. Fund | 85.2 | 90.4 | | 4.50

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741
Overseas Income | 48.6 | 53.3 | | 12.50
Unidollar Trust | [illegible] | 12.18 | | 1.66
Unibond Trust | [illegible] | 99.30 | | 9.00
1, Thomas St., Douglas, Isle of Man. 0624 4856
Unicorn Aust. Ext. | 41.8 | 45.0 | | 2.00
Do. Aust. Min. | 30.5 | 32.8 | | 1.80
Do. Grtr. Pacific | 69.2 | 74.5 | | —
Do. Intl. Income | 36.8 | 39.6 | | 8.80
Do. Isle of Man Tst. | 46.7 | 50.4 | | 8.90
Do. Manx Mutual | 26.4 | 28.4 | | 1.80

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

[illegible]

Kemp-Gee Managemt. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741
Capital Fund | 111.9 | 115.3 | | —
Income Fund | 64.4 | 66.4 | | 9.18
Gilt Bond | £1,015 | 1,069 | | —

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex | Fr1,306 | 1,367 | | 2.40
Bondselex | [illegible] | [illegible] | | 2.40
Cent. Assets | [illegible] | [illegible] | +0.04 | —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. [illegible]
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) | 9.30 | 9.33 | -0.03 | 12.00
Gilt Trust (I.o.M.) | 104.3 | 107.0 | | 12.00
Gilt Fnd. Guernsey | 9.55 | [illegible] | | 12.00
Intl. Govt. Secs. Tst.
First Sterling | [illegible] | [illegible] | [illegible] | —
First Intl. | [illegible] | [illegible] | [illegible] | —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest | | LF1118 | +15 | 4.29
Guernsey Inc. | 67.0 | 71.0 | | 4.61
Do. Accum. | 85.2 | 90.3 | | 4.61
KB Far East Fd. | | US$13.16 | | 2.38
KB Gilt Fund | £10.78 | 10.85 | | 11.39
KB Intl. Fund | | US$12.19 | | [illegible]
KB Japan Fund | | US$31.66 | | 0.94
K B U.S. Gwth. Fd. | | $US13.78 | | 1.59
Signet Bermuda | | US$5.37 | | 1.68
K. B. Int. Bd. Fd. | | $104.30 | | —

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561
Lloyds Tst. O'seas. | 52.1 | 54.8 | | 2.75
Next dealing July 16.
Lloyds Trust Gilt | £10.12 | 10.13 | | 11.25
Next dealing June 27

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth | [illegible] | 358.5 | | 1.20
Lloyds Int. Income | [illegible] | 304.0 | | 5.3

M & G Group
Three Quays, Tower Hill EC3R 6BQ 01-626 4588

[illegible]

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. | | HK$338.27 | | 2.30
Jardine J'pn. Fd.* | | HK$373.27 | | 1.00
Jardine S.E.A. | | US$17.02 | | 2.10
Jardine Flem. Int. | | US$12.86 | | 0.80
Intl. Pac. Secs. (Inc.) | | US$13.27 | | 1.30
Do. (Accum.) | | US$13.46 | | —
NAV June 29. *Equiv. US$76.26.
Next sub. day July 15.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund | £10.10 | 10.11 | | —

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741
CMF Ltd. May 31 | $US13.33 | 13.67 | | 2.90
CMT Ltd. May 31 | £13.46 | 13.81 | | 2.80
Metals Tst. June 21 | £15.60 | 15.99 | | 5.46
TMT June 14 | US$11.10 | 11.39 | | 2.84
TMT Ltd. June 14 | £10.81 | 11.09 | | 1.66

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | US$18.47 | +0.14 | —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. | 38.0 | 38.4 | | —

NOTES

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[illegible]

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SHIPPING

[illegible]

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[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

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Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
$17½	$10½	Buffels R1	$14⅝	−½	Q200c	ϕ	16.4
$15½	893c	East Drie R1	$14⅝	−⅛	†Q115c	1.6	10.0
950c	350c	East Rand Prp. R1	940c	−10	†Q10c	—	7.3
$27½	$18¼	F.S. Geduld 50c	$27⅛	−⅝	†Q315c	2.4	13.8
$19⅝	$11½	Pres. Brand 50c	$18¾	−⅝	†Q150c	3.2	9.5
$18⅞	$10¼	St. Helena R1	$17⅞	−⅞	†Q190c	1.4	12.7
760c	407c	Stilfontein 50c	660c	−20	†Q66c	ϕ	12.5
$34½	$16¼	Vaal Reefs 50c	$33⅜	−⅞	Q250c	2.7	9.7
$50¼	$25¼	West Drie R1	$49½	−¼	Q615c	1.7	15.9
$35⅝	$22⅞	West Hldgs. 50c	$34¾	−¼	†Q415c	1.4	14.1
$16¾	$10⅝	Western Deep R2	$16¼	−¼	Q147½c	2.1	10.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ● Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Bertam	35	......
Bdg'wtr Est. 50p	400	−10
Clover Croft	26	......
Craig & Rose £1	£11½xd	......

[illegible]

IRISH

Conv. 9% '80/82	£87⅝	......
Nat. 9¾% 84/89	£79½	......

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday June 27 1979

A 'mountain' of undelivered post

BY JOHN LLOYD

THE POST OFFICE yesterday admitted that it had accumulated an enormous mountain of undelivered letters and parcels, particularly in London, where some 20m letters area waiting delivery, and that increasing delays in delivery could be expected.

The situation is due partly to industrial action—particularly a one-day stoppage by management staff on June 14—and partly to growing shortages of postmen in London and elsewhere.

Delays are worst in London, the Home Counties, the Midlands, and the North East. In addition to the 20m letters waiting to be delivered in London, there are 25,000 for addresses in Birmingham and 17,000 parcels. Delays of one or two days are now common on first class mail, and of up to a week on second class mail.

The growing crisis must be added to a continuing shortage of cash in the telecommunications business through the blacking of computerised bills, a shortage of telecommunication stores in the regions and even problems in processing weekly payrolls.

The shortage of postmen—most acute in London, the South East and Eastern regions—has been growing for some months.

The corporation says it needs 2,000 postmen and 1,500 postmen (higher grade) nationally simply to return to an adequate service, while it would need up to 4,000 more to reduce the very high levels of overtime now being worked.

Recruitment of postmen (higher grade) from the ranks of postmen is a further problem, since the differential is small and the work of the higher grades—in sorting offices—is less popular than that of delivery.

Engineers plan overtime ban and one-day strikes on pay

BY NICK GARNETT, LABOUR STAFF

A NATIONAL overtime ban and a programme of one-day strikes in support of the engineering industry pay claim were agreed yesterday at the Confederation of Shipbuilding and Engineering Unions annual conference.

Instructions on industrial action will be sent to affiliated unions in the next few weeks unless, against expectations, a final meeting with the Engineering Employers Federation leads to an agreement.

The unions are demanding full settlement of a claim for new national minimum rates, a one-hour reduction in the working week this year, two days' extra holiday and a common April settlement date.

Mr. Alex Ferry, the Confederation's general secretary, said that action by the 2m engineering workers would have a very considerable effect on the economy.

Mr. Tery Duffy, president of the Amalgamated Union of Engineering Workers, said individual companies would be given dispensation from the dispute only if they agreed to meet the full claim, including the reduction in the working week to 39 hours.

Managements are expected to do their utmost not to concede reduced hours.

The conference of the confederation, which has 18 affiliated unions including the country's three largest, agreed in Llandudno to back a motion from the Amalgamated Union of Engineering Workers' engineering section for industrial action if the claim is not met in full.

The Electrical and Plumbing Trades Union, which attempted to have the issue put to a ballot, abstained from yesterday's vote.

An attempt, also by the EPTU, to seek negotiations on the basis of "compromise" proposals was defeated more than 8-1 by a block vote.

Mr. Duffy said the claim was valid. The unions were not "hell bent" on collision but if the employers refused to concede the claim it would be "a very grave situation."

The money claim is for an £80 a week national minimum rate for skilled workers with proportional increases for other grades.

The employers' last offer is an £8 increase on minimum craft rates from the present £60 and a £4 rise on the unskilled rate to £49.

NUR refuses to meet Government, Page 13

Union to probe win by Leftist

By Christian Tyler, Labour Editor

AN INQUIRY into the election of a Left-winger to the executive council of the Electrical and Plumbing Trades Union was ordered by the executive yesterday.

Mr. Frank Chapple, the general secretary, will look into what a union official said were objections from two of the candidates into pre-election canvassing. The inquiry would be to establish whether there had been political interference, he said.

The executive has put off by a month its endorsement of the result for the South Wales seat, in which Mr. Wyn Bevan, works convener at British Steel's Port Talbot works, emerged top of the poll.

Mr. Bevan, a Labour councillor and opponent of the Right-wing leadership of the union, achieved national prominence when he led a 10-week electricians' strike at Port Talbot two years ago.

Yesterday's decision of the executive will not come as a complete surprise to some of Mr. Bevan's supporters.

Support

There were reports that the Right might object on the grounds that the far-Left candidate, Mr. Billy Williams, of Cardiff, declared support for Mr. Bevan if he himself was eliminated under the single transferable vote system.

Mr. Bevan said after the election, in which he claimed victory by 700 votes in the postal ballot, that the election had been fairly fought.

The executive may order a re-run of the election if it decided interference was proved.

This is the second time in recent months that an EPTU executive election has been challenged. The last time the defeated Left-wing councillor for Yorkshire, Mr. Harold Best, appealed unsuccessfully on the grounds of irregularity in the conduct of the ballot itself.

There were six candidates in the South Wales contest, including Mr. Don Jones, a full-time official from Swansea, who was seen as the favoured moderate to succeed Mr. Bernard Clarke, who died last year.

Dollar rallies slightly but markets nervous

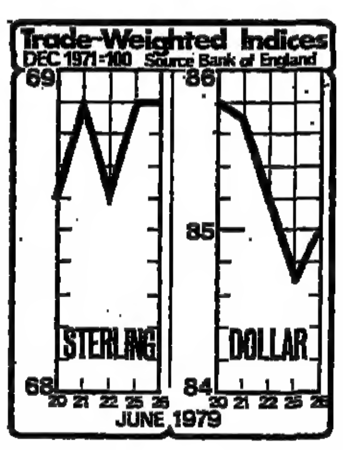
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR rallied yesterday after its recent sharp falls, but it recouped only some of the big decline on Monday and trading conditions in the foreign exchange markets remained nervous and volatile.

The trade-weighted index, measuring the value of the dollar against a basket of other currencies, rose 0.3 to 85.0 after a 0.5 drop on Monday.

Dealers said the rally followed the statement by Mr. Michael Blumenthal, the U.S. Treasury Secretary, that the U.S. would achieve a large cut in its oil imports by the end of the year. There was also speculation about the appearance of further signs of an approaching U.S. recession.

The dollar rose to DM 1.8500 from DM 1.8395, though this is still lower than the level before the weekend. There was a bigger rally against the Swiss franc with a rise from SwFr 1.6435 to SwFr 1.6625.



A technical influence supporting the dollar may have been the desire of banks to close speculative positions in time for the end of the accounting half-year this weekend.

The dollar was the main influence on sterling which fluctuated in the unusually wide range of $2.1355 to $2.1670. But there was relatively little business for most of the day and any intervention by the Bank of England was probably on a small scale.

The pound finished 70 points lower at $2.150 against the dollar and unchanged or slightly higher against most other leading currencies.

The trade-weighted index closed unchanged at 68.9 after moving between 69.1, its highest level since March 1976, and 68.8.

At this level, the trade-weighted index has risen by 2¼ per cent since the Budget a fortnight ago and by 7.8 per cent since the end of December.

Money markets, Page 36;
Editorial Comment, Page 24

Continued from Page 1

OPEC

with a floor of $18 and a ceiling of $20 would be a possible alternative, he said.

By September, when run-down stocks have been built up, there should be a clearer idea of the state of the market and the price that it should bear, it is argued by some delegates. There seems to be general recognition of the need for another conference in three months to review the situation.

By the autumn the escalation of prices, which have risen by 35 to 40 per cent on average since last year, should have dampened down the general level of demand regardless of what may be decided by this week's Western economic summit in Tokyo on curbing oil imports.

A Saudi decision to allow output from its main fields to rise by 500,000 or as much as 1m barrels a day would be of significant, though not necessarily critical, importance.

It has apparently been given the option of increasing the flow in the negotiations here as a means of inducing some kind of moderation.

Continued from Page 1

Chrysler strike vote

most seriously prejudice our future. It will destroy the confidence of our new owners and make it practically impossible for us to win the future investments which we so desperately need to modernise our factories and introduce new models," the letter said.

Chrysler UK was taken over at the beginning of this year by PSA Peugeot-Citroen. The investment at risk is the finance to assemble a four-door version of the successful Chrysler Alpine at Ryton from next year.

Under plans for the new model, a night shift would be introduced at Ryton. This would create up to 2,000 new jobs and double output from the present 1,000 vehicles a week.

Mr. George Turnbull, the former managing director of British Leyland who took over as Chrysler chief executive in April, has already told the workforce that there can be "no more second chances." Chrysler UK will have to stand on its own feet and must demonstrate a continuous improvement in all aspects of its business in order to generate the confidence of PSA management, he says.

Chrysler's flexibility to make an improved offer and avert the threatened strike is limited. Employees have been told to "stay at work and keep producing and keep earning.

"Please recognise that against the background of past losses which have given us the crippling burden of enormous borrowings, the offer we have made is the very maximum we can afford, at current levels of productivity," says the management.

Chrysler's workers have been in the forefront of pay claims over the past three years, but have usually backed down.

Much of the Stoke workforce is on short time because of disruption to the Chrysler contract to supply more than £100m worth of components for assembly in Iran. Production, which has been at a standstill since the beginning of the year, is scheduled to resume next month.

Ghana shootings bring oil cut threat

BY MARK WEBSTER

NIGERIA is expected to impose oil sanctions on Ghana following yesterday's execution of six of the most prominent figures in former military regimes.

Nigeria, which supplies 90 per cent of Ghana's crude oil, threatened to take action after the present military government ordered the execution of General Ignatius Acheampong, the former Head of State just over a week ago.

The six people who faced the firing squad had all held important posts under General Acheampong and included General Fred Akuffo, the man who replaced him in a coup last July.

The Nigerians are believed to have warned especially against executing General Akuffo because he had friendly talks with General Olusegun Obasanjo, the Nigerian Head of State, only a week before the coup which ousted him.

Ghana, with serious economic problems already, would probably grind to a halt if Nigeria cut off all its oil.

Although Ghana has small supplies of its own, the maximum output of its wells would be 5,000 barrels a day—about 18 per cent of total domestic consumption. At present it is producing only 3,000 barrels a day.

Also executed yesterday were General Robert Kotie, former army commander under General Acheampong, Colonel Joe Felli, former commissioner for foreign affairs under General Acheampong, Air Vice Marshall G. Y. Boakye former commander of the air force and Rear Admiral Joy Amedume, former head of the navy.

Nigeria has protested along with a number of other African countries at what it sees as growing lawlessness within the armed forces.

● The British Government yesterday issued a statement "strongly deploring" the executions. It said it had made clear to Ghana that trials and executions should be seen to be carried out in accordance with internationally accepted principles of justice and human rights.

West German to head Vauxhall

By Kenneth Gooding, Motor Industry Correspondent

A WEST GERMAN is to take over as president and managing director of Vauxhall Motors, the UK subsidiary of General Motors.

He is Mr. Ferdinand Beickler, 56, who joined Opel, GM's German offshoot, in 1937 as an apprentice toolmaker. More recently he has been GM's director of European Automotive Manufacturing.

He takes over on August 1 from Mr. Bob Price who since 1974 has supervised the revival of Vauxhall which faced serious problems in the early 1970s. In 1974 Vauxhall suffered an £18m loss. Last year the company was in the black for the first time since 1971 with a net profit of £2m.

During this period GM has reorganised its European operations so that Opel is now responsible for developing passenger cars while Vauxhall, through its Bedford subsidiary, is responsible for commercial vehicles. The policy has enabled the whole of the Vauxhall range to be revamped since 1975.

But Vauxhall has not been able to produce cars in the quantity demanded—its market share has now slipped to about 6.5 per cent—and the appointment of a manufacturing-oriented managing director makes some sense at this time.

Mr. Price, 53, is leaving the UK to become GM's first director of international social action, and he described this as "the fulfilment of a deeply felt personal wish."

Planning

He will work with the management of GM's international operations with responbility for planning, development and implementation of social programmes.

Mr. Price said: "I am convinced that truly meaningful results can be realised by the strong involvement of industry in general and individual companies focusing on high-priority programmes in such areas as health, ageing, education and so on."

The changes at Vauxhall will bring additional responsibility for Mr. Geoffrey Moore, director responsible for public, government and industry relations and passenger car sales. In August he also becomes chairman of Vauxhall, reporting to Mr. Beickler.

Weather

UK TODAY

MAINLY DRY with some sunshine.

London, E. and Cent. N. England, Midlands, Borders, Edinburgh and Dundee areas
Mainly dry, sunny periods. Max. 20C (68F).

S.E. and Cent. S. England
Mainly dry, sunny periods inland. Patchy coastal fog. Max. 20C (68F).

Channel Is., S.W. England, S. Wales
Cloudy, some drizzle and fog near coasts. Max. 17C (63F).

N.E. and N.W. Scotland
Sunny intervals, some showers. Max. 14C (57F).

N. Wales, N.W. England, Isle of Man, N. Ireland, Rest of Scotland
Mainly dry, sunny intervals. Max. 17C (63F).

Outlook: Dry with bright intervals in S., changeable in N.

WORLDWIDE

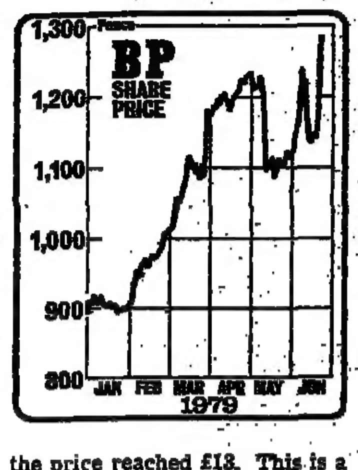
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Plms.	F	21	70
Algiers	F	30	86	Lisbon	S	26	79
Amsdm.	F	18	64	Locarno	C	26	79
Athens	S	32	90	London	C	15	59
Bahrain	S	35	95	Luxmbg.	C	18	64
Barclna.	F	26	79	Madrid	F	29	84
Beirut	S	27	81	Majorca	S	29	84
Belfast	C	14	57	Malaga	S	26	79
Belgrd.	S	30	86	Malta	F	30	86
Berlin	F	23	73	M'chstr	C	15	59
Biarritz	S	21	70	Melbne.	S	18	64
Bmghm.	C	16	61	Milan	S	28	82
Blackpl.	S	14	57	Mntreal.	C	18	65
Bordx.	S	25	77	Moscow	C	28	82
Boulgn.	C	14	57	Munich	S	24	75
Bristol	F	18	64	Nairobi	S	23	74
Brussels	C	18	64	Naples	S	27	81
Budpst.	F	28	82	Nwcstl.	C	15	59
B. Aires	S	13	56	N. York	S	21	69
Cairo	S	34	93	Nice	F	24	75
Cardiff	F	17	63	Nicosia	S	27	81
Cas'b'ca	C	22	72	Oporto	S	20	68
Cape T.	C	11	52	Oslo	F	15	59
Chicago	S	25	77	Paris	C	19	66
Cologne	C	21	70	Perth	R	15	59
Cpnhgn.	F	19	66	Prague	F	24	75
Dublin	C	15	59	Reykjvk.	S	10	50
Dbrvnk.	S	27	81	Rome	S	27	81
Ednbgh.	C	15	59	Salzbrg.	S	26	79
Faro	F	23	73	Singapr.	C	28	82
Florence	S	30	86	Stckhm	C	20	68
Frankft.	S	22	72	Strasbg.	F	25	77
Funchal	C	21	70	Sydney	C	19	66
Geneva	S	24	75	Tangier	C	23	73
Gibrltr.	S	26	79	Tehran	S	29	84
Glasgow	F	13	55	Tel Aviv	S	28	82
G'msey	C	14	57	Tenerife	F	18	64
Helsinki	F	22	72	Tokyo	C	31	88
H. Kong	C	30	86	Toronto	C	18	65
Innsbrk.	S	26	79	Tunis	S	33	91
Invrnss.	F	11	52	Valencia	R	23	73
I.o.Man	S	14	57	Venice	S	27	81
Istanbul	S	28	82	Vienna	R	30	86
Jersey	R	14	57	Warsaw	S	26	79
Jo'burg	S	16	61	Zurich	S	23	73

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.

THE LEX COLUMN

Uphill currency fight for BAT

Index rose 1.8 to 475.2



Subject to exchange rate movements, BAT Industries expects its net attributable profits to show a sustained increase in the 12 months to next September—and there should be some kind of progress even with sterling at its present levels. Attributable profits after six months are 8 per cent higher at £114m, and the adverse impact of exchange rates on currency conversion is put at £9m.

Most of the increase to date has come from the paper side, where operating profits have bounced from £26m to £50m, nearly a fifth of the group total. The U.S. acquisition, Appleton, is running ahead of target and accounts for nearly three-fifths of the improvement, and the original business is also doing well, apart from the pulp mill at Fort William.

Retailing is doing a bit better than it looks—profits only marginally higher at £22m on sales of £787m. Saks and Gimbels have posted an 11 per cent increase in dollar terms, and although International Stores is losing money in the UK, BAT says that the downward trend has at last been reversed.

That does not add up to a growth story, for tobacco still accounts for three-fifths of profits and is heading for its third year of very modest growth. BAT is still losing market share in the U.S., where it has failed to make much of an impact in the low tar sector, and its attack on the UK market has left it with under 3 per cent of the market.

However BAT is still improving its share of the less mature markets, and its total volume is rising at 4 or 5 per cent a year. It has enormous muscle in its balance sheet, and formidable dividend paying potential. The net payment this year is forecast to rise by at least 16½ per cent and that is likely to be covered nearly four times.

Of course the shares have been noticably weak for months now, partly because of the overhang created by Imperial Group's £153m placing of the currency shares which took place in March at 310p a share. But the currency impact is much less damaging than is the case for many manufacturers based wholly in the UK. And the yield is a minimum of 8¾ per cent at 275p.

BP

Investors shopping to beat the OPEC price rises have been piling into BP shares—the next best thing to crude oil—over the last few days, and yesterday the price reached £13. This is a mouth-watering level for the biggest potential seller of the stock, the British Government.

There looks to be every reason for the authorities to go ahead with selling off a slice of BP as soon as possible. The tight monetary targets, if they are to be credible, create an urgent need to fund, and by reducing its BP stake to, say, 33 per cent from the present 51 per cent, the Government could raise something of the order of £¾bn. It must also make sense to offer the shares while there is still a good deal of excitement surrounding the crude oil price.

Assuming that active work is already being done on the issue, it should be possible to launch it in early September. The documentation will have to be compendious, particularly if, as in 1977, there is a parallel launch in the U.S. market, but the prospectuses drawn up only two years ago are there to be built upon.

On recent form it should be easy to place some stock on Wall Street. Interest in BP has been reviving there recently after a long period of disillusionment with the dull performance of the shares in the month after the last offer for sale. The cynical might argue that the appearance of buying interest at £12 a share by U.S. investors who were not prepared to touch the stock at £10 in February is an indication of how speculative the market in BP shares has become.

Certainly the buyers are prepared to overlook the bad news at the moment—the imminent sale of the Government holding appears to have been discounted, along with the impact of higher taxation on North Sea and Alaskan ea[rn]ings. The market does [n]... seem to be even considering t[he] possibility that the oil supp[ly] position might be easier, a[nd] the oil companies' pro[fit] thinner, in a few months tim[e].

The authorities have to deci[de] how best to execute the sa[le]. In retrospect, and compar[ed] with some subsequent issues [of] gilt-edged stock, the 1977 [BP] offer passes for a succe[ss] although at the time t[he] authorities were criticised [for] giving the stags a bonanza. [A] tap issue should allow the sto[ck] to be dribbled out without t[he] need for a substantial discou[nt] to the market price, but [it] would be uncharacteristic [for] the Government to resort to t[he] untried expedient of an equ[ity] tap in such an important cas[e].

But the Bank of Engla[nd] might be able to put its new[ly] acquired expertise in issui[ng] stock by partly-paid tender [to] good use. In September, aft[er] all, BP should be announci[ng] handsome second quarter figu[res] with a good dividend boo[st]. Perhaps another OPEC meeti[ng] could be arranged to he[lp] things go with a bang.

FNFC

Because high interest ra[tes] have increased the interest co[sts] associated with its "lifeboa[t]" debt, First National Finar[nce] Corporation has not been a[ble] to maintain the momentum [of] the improvement of its affa[irs] which it built up in the year [to] October 31, 1978. Neverthele[ss] with the help of its consum[er] finance division which cont[ri]buted pre-tax profits of £4.[...] in the first half, and a c[...] timing string of property sal[es] which yielded an excess o[ver] book value of about £2.5m, [it] has still been able to rep[ort] first-half pre-tax profits of £3.7[...]

This has taken the compa[ny] a little further back along t[he] road to positive net wor[th]. FNFC has reduced its borro[w]ings from the support group [by] £12m but still has £238m to [...]. Under the terms of the 1[...] reconstruction it must red[uce] its liabilities by a further £3[...] before the holders of s[ub]ordinated loan stocks can exp[ect] any interest payments: but [at] least this is down from £38m [at] the beginning of the ye[ar]. Shareholders' funds in FN[FC] stood at minus £54m at the ha[lf] way mark compared with mi[nus] £72m in October 1976, but t[he] outlook for high interest ra[tes] and the dwindling quality [of] the property portfolio makes [the] pace of improvement e[ven] harder to sustain.

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